

CONFIDENTIAL

TITLE: COLLECTIVE BARGAINING IN THE CANADIAN CHEMICAL INDUSTRY

AUTHOR: Professor George E. Eaton,
563 Cummer Avenue,
WILLOWDALE, Ontario.

Canada
DRAFT STUDY

prepared for

TASK FORCE ON LABOUR RELATIONS
(Privy Council Office)

PROJECT NO.: 55 (n)

Submitted: February 1968

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PREFACE

This preliminary study of industrial relations in the Chemical Industry in Canada has been undertaken as a research project for the Task Force on Labour Relations as part of its overall study of the problems of labour-management relations in Canada.

It must be emphasized that this report is based on a rather limited study of limited aspects of a large, heterogeneous and complex industry. A thorough study of the systems of industrial relations of the chemical industry and related chemical products would require investigation and research over an extended period of time.

The main concern has been to describe the institutional framework and aspects of collective bargaining and to make generalizations, where they are warranted about the behavioural aspects of the actors or parties to the system.

No attempt has been or could be made to use or develop quantitative analysis to any extent, as this would require a much longer period than the few months this writer had at his disposal. To facilitate the coordination and comparative analysis of other industry and special projects initiated by the Task Force, a common analytical model proposed for all studies has been used, with some modifications.

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The Analytical Framework

Industrial relations is defined as "that complex of private and public activities, operating in an environment, which is concerned with the allocation of rewards to employees for their services." The model of an industrial relations system consists of four basic components:

1. Inputs, summarized by the concepts of goals, values and power which are conditioned by the flow of effects from the invironmental sub-systems.
2. The mechanism for converting the inputs into outputs,
3. The outputs, comprising the financial, social, and psychological rewards to employees, and
4. A feed-back loop through which the outputs of the system flow back into the invironmental sub-system.

The Inputs

There are two types of inputs - those which are internal to the system itself - which involve the actors, the goals, values and power.

* The model of an industrial relations system referred to above has been developed by Dr. Alton Craig, Chief, Industrial Relations Research Division, Economics and Research Branch, Canada Department of Labour. A detailed discussion of the model was presented by Dr. Craig in a paper presented to the Annual Meeting of the Canadian Political Science Association, June 7, 1967.

The actors are (a) individual workers in their capacity as employees, and their formal or informal organizations or representative institutions. (b) Managers as individuals and part of a management or institutional team, and (c) governmental and private agencies and individuals. The inputs of the system-actors and their goals and values are subject to the influence of certain conditioning inputs, which are external to the system.

The environmental systems or inputs which have conditioning effects include the following:

- (a) the ecological system,
- (b) the economic system,
- (c) the political system,
- (d) the legal system, and
- (e) the social or cultural system.

(a) - The ecological system, refers to the physical surroundings in which man, or the actors in this case, find themselves and the way in which they adjust to these surroundings.

(b) - The economic system includes the product market, the labour market, money market and technological innovation - all of which impinge upon the behaviour, attitudes and achievements of the main actors and other interested parties.

(c) - The political system refers to the processes through which public policy in labour-management is determined and brought to bear upon the parties.

(d) - The legal system, comprising both common and statutory law, is the medium through which procedural rules are established which the actors in the industrial relations system must follow. The procedural rules give effect to policies enunciated or legislated through the political process.

(e) - The social system refers to the broader societal context within which the parties operate and derive some of their value patterns and goals.

Granted the inputs, internal and external, to the system, the parties must devise some mechanisms for converting the inputs into outputs. The mechanisms may take many forms. Outputs may be determined unilaterally by one party alone (employer or state) - may be determined bilaterally (collective bargaining between labour and management), or primarily bilaterally, but with some assistance or intrusion on the part of outside agencies, governmental and non-governmental, such as mediators or arbitrators.

The parties are concerned within the industrial relations system to establish a "web of rules" or specific standards or norms to govern their behaviour at the work place or work community. The web of rules includes:

- the
(a)/procedures themselves by which substantive standards governing conduct are established,
- (b) the substantive standards themselves, and
- (c) the application of the substantive standards at the work level.

Some of these substantive standards are employee oriented - as the contract of employment is really between individual employee and employer, while others are institutionally oriented - relating to the collective assertion of individual and corporate personalities. The environmental systems or conditioning factors referred to, ecological, economic, political, legal, and social, all impinge upon the web of rules.

The main function of the industrial relations system is to allocate outputs. The outputs constitute the rewards available for distribution. There are substantive outputs or rewards, which include wages, hours of work, other conditions of employment, and fringe benefits so called. There are also certain non-financial rewards which are employee oriented as well as institutionally (union-management) oriented.

In chapter I which follows, some attempt is made to describe in a general way, the ecological, economic and political environment in which the chemical industry finds itself. The development of the industry is traced, its resource base, geographical location, the economic structure, product markets, its problems, prospects and future, are examined and considered, as also the degree of support as well as direction which it receives from the state acting through the political and legal system.

Chapter II contains a description and analysis of the system of industrial relations in the chemical industry, but first of all there is an introduction taking the form of a theoretical discussion

of the meaning of an industrial relations system as conceived by this writer. The main purpose is to show that there is some ambiguity in the term industrial relations, which is used generally speaking as a synonym for labour-management or collective relations. It is pointed out, however, that collective relations is but an aspect of industrial relations system, and that there can be an industrial relations system in the absence of collective bargaining. Next, (page 26) the delimitation of the research project is indicated. A description and analysis of collective bargaining in the chemical industry then follows.

In chapter III (page /0/) the study of the system of industrial relations, or more specifically labour-management relations in the Plastics Industry, as one of the finished or consumer chemical products, is examined.

COLLECTIVE BARGAINING IN THE CANADIAN
CHEMICAL INDUSTRY

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CHAPTER I

THE DEVELOPMENT OF THE CHEMICAL INDUSTRY IN CANADA

The organization of this first background chapter is as follows:*

- I) Definition of the Industry
- II) History of its development
- III) Location and concentration
- IV) Growth of the industry
- V) Productivity
- VI) Investment and corporate structure
- VII) Industry - Government Relations
- VIII) Concluding observations

I Definition of the Industry

The difficulty involved in defining the Industry was expressed by J. S. Dewar at the May 29 Convention of the Canadian Manufacturers Association as follows:

"The chemical industry per se is really not an industry in the usually accepted sense of the word, but rather a convenient term for a conglomeration of industries or product systems with different motives. To complicate matters still further, many industry participants are themselves broadly diversified companies that may be described as schizophrenic to a degree, that is, some are petroleum, mining, pulp and paper or pharmaceutical companies first with chemical products being of secondary concern to them. With

* This chapter was prepared by Mr. Jules Kroeker, my research assistant. I have made minor substantive revisions.

such diversification any attempt to elaborate on a definition of the industry must be done at the risk of over simplification and subject to error or debate."

For purposes of this study the industry will be restricted to the SIC (Standard Industrial Classification). In 1960 the Dominion Bureau of Statistics adopted a new standard industrial classification replacing the standard industrial classification adopted in 1949. The revised classification provides for a breakdown of the chemicals grouped into 10 separate industries under the title of Chemicals and Chemical Product Industries.

The Chemicals and Chemical Product group now includes the following industries:

1. Explosives and Ammunition
2. Mixed Fertilizers
3. Plastics and Synthetic Resins
4. Pharmaceuticals and Medicines
5. Paints and Varnish
6. Soap and Cleaning Compounds
7. Toilet Preparations
8. Industrial Chemicals
9. Printing Inks
10. Other Chemical industries not elsewhere stated.

This classification contains those groupings which emerged as dominant industries in the post-war period and have continued to grow in importance to the present time. These same commodity groupings are predominant with respect to sales, number of employees, output and productivity.

II History of the Industry

It had been expected that the end of World War II would see a marked curtailment of activity in the chemical industry. But except for the closing down of a number of temporary explosive plants in rather remote locations in Canada this did not come to pass.

A very significant development in the immediate post-war period was the entry of chemicals into the consumer field. The trend towards making more and more finished products was evidenced in the manufacture for the first time of ethylenglycol for antifreeze purposes, insecticides, cosmetics and antibiotics. The plastics molding industry was able to draw heavily on new capacity for producing styrene monomers at Sarnia, polystyrene at Montreal and Sarnia, and vinyl resins at Shawinigan Falls. This, together with requirements for surface coatings, paints, packaging and construction caused the domestic demand for plastics to double during the 1950's. These are all unique products.

In addition, there was an insistent demand for substitute materials such as detergents, and synthetic fibers, and this required the replacement as well as expansion of existing facilities which lead to a continual establishment of new factories.

World shortages of certain basic materials during the 1950's caused a number of projects to be launched which would otherwise have remained in the blue-print stage for many years. Sulphur was a case in point. Several new plants were being put into production to recover sulphur from natural gas and sulphur dioxide from smelter fumes and mineral pyrites. These augmented supplies of elemental sulphur

imported from Texas by the pulp and paper, fertilizer, rubber goods and explosives industry. There was also a trend towards using oil refinery by-products and natural gas as a source of primary organic chemicals. Surplus coal tar by-product chemicals, such as benzene and toluene were no longer available in sufficient quantities to support the continuing expansion of Canada's synthetic, textile, plastics, insecticide and synthetic detergent industries. The domestic market was in most cases of sufficient size by itself to support an economic run and Canadian chemical industries began following rapidly on the heels of their American counterparts in the general swing towards petrol-chemical production.

In accomplishing this, the structure of the Canadian chemical industry was changing. The post-war period witnessed the entry for the first time of a number of major United States firms which had previously supplied this country from factories elsewhere. This included such well known companies as Dow Chemical, Monsanto, Hyden Chemicals, American Celanese, the latter to obtain intermediates from Canadian sources for its acetate rayon mills located in Mexico and South America. This period also witnessed the beginning of a movement towards mergers and marrying up of firms formerly regarded as exclusively in the chemical or petroleum fields. An example of this was the corporate link between British American Oil and Shawinigan Chemicals.

III Location and Concentration

The growth of the chemical industry in Canada has over the years been closely related to that of the Canadian economy in general, but the most spectacular achievements have been made in the post-war

period. One of the largest and most rapidly expanding sectors of the Canadian economy has been the making of industrial chemicals. Industrial chemicals are almost always manufactured in bulk, using processes which are well-known the world over and as a result of long experience and experimentation are usually available at relatively low prices. Because of their low unit value they cannot stand transportation over considerable distances and are frequently manufactured close-by the plants which use them, using locally available raw materials or the by-products of other industry operations. In Canada there are numerous examples of the latter category including the acids which are being recovered from smelter gases, salts and solvents generated in the production of coke and a multitude of what are now commonly referred to as petrochemicals from some of the nations largest oil refineries. As a result there is a large degree of concentration in the industry, both geographically and within the industry itself, i. e. a few relatively large firms dominate the field. The industry is highly concentrated in Ontario and Quebec. These provinces accounted for approximately 75% to 80% of the establishments and value of factory shipments and 80% of the employment.¹

IV Growth of the Industry

Through resource development the chemical industry in Canada is rapidly becoming decentralized. Producers of fertilizers materials and potash mining in the West are prime examples. Today the western provinces actually have more investment in the chemical industry

1. DBS catalogue #46 -- 217.

than the whole of Canada had before World War II. The chemical industry is considered by economists to be a growth industry. In the period 1950 to 1962 production has increased 120% compared to 70% for all mining and manufacturing. On a per capita basis this growth rate is nearly 4 times the 35% rise in population growth over the same period.²

There are over 900 producers of chemicals and chemical products listed by DBS. They operate over 1,100 plants with approximately 70,000 employees and had an annual gross value of shipments close to 2 billion dollars in 1965. In considering the above data one must bear in mind that 40% of this output comes from 750 companies who are not involved in the manufacture of basic resins and the performance of chemical reactions. Their operations are essentially the physical blending and packaging of chemicals. These are the manufacturers of paints, cleaners, bleaches, cosmetics, inks, and sundries. Thus, their average size and level of technology is such as to dilute data involving the industrial chemical segment of the industry.

Approximately only 30 companies are making chemical products on a scale of 5 million dollars or over per annum per company.³

As indicated earlier, the core of the Canadian chemical industry is made up of companies producing industrial chemicals which in turn are the raw materials used in producing "consumer chemicals" i. e. paints, fertilizers, explosives, soaps and toilet preparations.

2. Chemical industry Fact Book, 5th Edition

3. University Technical Training and the Canadian Chemical Industry, May 1965.

The principal producers in this group in order of sales volume are:

1. Canadian Industries Limited,
2. Dupont of Canada Limited
3. Union Carbide Canada Limited
4. Canadian Chemical Company (Division of Chemcel Limited)
5. Cyanamid of Canada Limited
6. Allied Chemical Canada Limited
7. Dow Chemical of Canada Limited
8. Domtar Chemicals Limited
9. Shawinigan Chemicals Limited.

The largest and best-known Canadian owned firms are Shawinigan Chemical Limited, Dominion Tar and Chemicals Limited and the crown owned Polymer Corporation.

The companies coming under this industrial grouping are even larger in size than that of the average firm in the industry at large. In this instance approximately 42% of the firms have sales over 1 million dollars per year and only about 7% have sales under \$100,000 per year.⁴

Over the post-war period there has been a wide range of growth rates within the chemical group of industries (Exhibit 1). The fastest growing industries within the chemicals and chemical products group have been toilet preparations, although total production is small. Other groupings with a significantly large overall increase in gross output were plastics and industrial chemicals and fertilizers

4. The Chemical Industry in Canada, Chemicals Branch, Department of Industry.

with 2.57, 2.47 and 2.44 fold increases respectively.

Since 1953 the output of primary chemicals and chemical products for the industry has grown at a much higher rate than output of consumer chemicals. This is likely due to the marked effect industrialization has had on the demand for chemicals used by the industry, i. e. industrial chemicals have found increasingly extensive use both in industries within the chemical group of industries and in most other industries as well, while growth in output of consumer chemicals has been more closely linked to population growth and personal disposable income.

Future Prospects

Having briefly analysed the past and current position of the chemical industry with respect to growth the difficult question of future growth presents itself and what implications this will have for employees of the industry and union demands. Although the influential variables to this problem are numerous and complicated, relatively accurate estimates have and are being made. As all industrial relations problems are related to this problem a survey of potential growth for the future is in order.

A 1956 study for the Royal Commission on Canada's economic prospects sought to project the chemical industry 25 years ahead. It concluded that a straight line projection of the then current 6% growth rate would underestimate the potential. It shows 6.5% as the most likely long-term average rate, and thereby forecast the Canadian chemical production of 5.5. to 6.5 billion dollars by 1980.

The outlook for Canadian chemical consumption is equally bright. Because the demand for chemicals is related closely to economic activity,

chemical consumption can be forecast by the use of multiple regression techniques. That the demand equation derived from this method successfully approximated past levels of consumption can be seen by Exhibit 2. The derived equation was used as the basis of forecasts for chemical consumption in Canada for 1970 and 1975 on the assumption that the volume of GNP in this country will advance at an average rate of 5.5% per annum, in line with the forecast made by the Economic Council of Canada. On this basis it is estimated that the domestic market for chemicals, expressed in constant 1963 dollars will increase from 2 billion dollars in 1965 to 3 billion dollars in 1970 and 4.2 billion dollars in 1975.

Unfortunately, the chemical industry in Canada is not progressing as fast as in other lands. Since 1955 the output of chemicals in Canada has advanced by 6.5% per year. While this rate of growth compares favourably with the growth in overall economic activity in this country, the industry's progress has fallen short of that achieved in other industrially advanced nations. Exhibit 3.

Since 1958 the rate of increase in Canada's index of chemical production has been 3/4 of that achieved in the United States, one half of that in Europe and one third of that in Japan.

As the expansion in domestic consumption of chemicals, although not as great as continental Europe, has been more rapid than in the United States and about equal to that in the United Kingdom, (Exhibit 4), the Canadian Chemical Producers Association (CCPA) contends that the reason for the inability of the Canadian chemical industry to advance

at its optimum rate is the large and growing level of imports. In 1965 production for the domestic market was equivalent to 76% of Canadian consumption which left a gap of 24% to be met by imports.⁵

V Productivity

Although the rate of real growth in the chemical industry has tapered off slightly in recent years, the average rate of real growth in the post-war period has been fairly constant at 6.5%.

In comparing production in the chemical industry with total industrial and manufacturing production, it is seen that the chemical industry has maintained a healthy growth even in periods of industrial slow-down (Exhibit 5). The stability of growth indicated here is undoubtedly due to the increasing substitution and application of chemicals in industrial processes, which has assured a buoyant demand for these products even when aggregate demand for all goods and services has slowed down.

While the volume of production in the chemical industry has been increasing substantially, it has been achieved by a labour force which has actually declined. It has been pointed out that in the past the chemical industry has contributed 3.64% to Canada's gross domestic product but utilized only 0.75% of the nation's labour force.

While interpreting information of this nature it is important to distinguish between employment within the industry as such and total employment created in the economy. While employment figures have not been increasing the industry has been growing at a rate of

5. The Canadian Chemical Producers Association, August 16, 1966

approximately 6.5% which management argues has a substantial effect on the total employment of our economy. It is argued that the chemical industry is one of the most productive sectors of the Canadian economy and it is precisely such industries which make the most effective use of the nation's resources of labour, materials and capital and thereby make the greatest contribution to national income.

The CCPA has stated that the industries average wages are 15% higher than the average for all Canadian industries (Exhibit 6). In fact, salaries and wages have increased from 164.6 million in 1953 to 212.1 million in 1963, representing a 5.9% per year increase. As total employment figures have not varied substantially it would appear that the higher wage bill was largely due to increased wage rates. Average annual salaries increased 6.0% per year from \$3280. in 1953 to \$5254. in 1963. Earnings per hour increased even more advancing from \$1.30 in 1953 to \$2.18 in 1963 representing a 6.7% per year increase. In spite of the above, labour costs per unit of output have declined by approximately 19% since 1953 indicating that productivity gains were of sufficient magnitude to lower labour costs per unit of output while wage rates increased approximately twofold. If "Value added per worker" is taken as a measurement of productivity, during 1965 each employee of the chemical industry contributed an annual "value added" figure estimated as 14,000 dollars. The comparable figure for industry as a whole is \$6,650.⁶

The growth in manpower requirements of an industry will depend

6. Source: DBS, CCPA.

- on: 1. The future level of output
2. The increase in productivity.

Employment figures are usually calculated by estimating the future levels of output and allowing for the predicted increase in productivity. According to industry predictions a third important variable at this time will be the effects of legislation to give recommendations of the tariff board. Thus employment figures for 1975 are predicted to vary from 61,300 to 95,700 from a present level of 69,130 depending on the action taken by government on the issue of tariffs.⁷

VI Investment and Corporate Structure

While economic analysis, based on historical growth of the Canadian chemical industry may lead one to conclude that progress is certain and more or less automatic, this is not necessarily so. The technological position of the chemical industry is extremely dynamic. The industry is subject to product and process obsolescence, necessitating a continuous and heavy research and investment programme and a constant search for new market opportunities. It is of significant concern to Government, Unions, and Management to determine what the financial picture of the industry is with respect to investment requirements, prospects and ownership or control. Theoretically, a better understanding of the use in this area should have important implications in the industrial relations area, i. e. wage demands, management rights and generally the distribution of profits.

Initially capital expenditures in Canada's chemical firms were

7. The Canadian Chemical Producers Association, August 16, 1966

financed by the direct transfer of funds from other countries, particularly from the United States and the United Kingdom. Later, as these firms expanded their operations they began raising most of their capital for expansion from retained earnings. As a result, much of Canada's present chemicals manufacturing capacity is controlled outside the country. Up to the present time only limited appeals for funds have been made to the Canadian Stock Markets. Dominion Tar, following re-organization, together with the Canadian Chemicals Limited are the only Canadian incorporated companies which have offered direct public participation through security sales. It should be noted that indirectly the public has participated in the petrol-chemical subsidiary of British American Oil and Shawinigan Chemicals through issues of convertible debentures. Such firms as CIL, however, have not appealed to the Market, raising instead their investment capital from earnings and the sale of assets and security holdings.

A government report published in 1965 shows that of 365 chemical corporations operating in Canada in 1963 nearly two-thirds were controlled 50% or more by non-residents. These companies owned about 75% of the chemical industry's assets and accounted for 80% of its sales. Half of Canada's chemical firms with 60% of the industry's sales were 95% or more owned by outsiders.

By far the largest share of the industry is controlled by firms based in the United States, although some British firms have a sizeable investment in the industry as well, e. g. Imperial Chemicals Industries has approximately 75% interest in Canadian Industries Limited.

Among the minority of firms controlled by Canadians themselves,

only three rank among the major market contenders. Chemical products - almost solely fertilizers - provided about 28% of the 1965 sales totalling \$170,000,000 by consolidated mining and smelting. Polymer Corporation which is wholly owned by the Canadian Government had sales of approximately \$115,000,000 during the same year and Domtar Chemicals accounts for about 15% of Domtar Limited Sales.⁸

The classic problem in Canada as expressed by Monsanto's management is that the market is big enough for half a plant but not for a full plant or alternatively big enough for a plant and a half but not for two or three competing facilities. What appears to have happened so often in Canada and may be happening again - is that too many people have built too many plants that were too small. This should not however, be confused with the theory that a distinguishable Canadian market does not exist. Canadian Chemical's Jack Langforth insists: "the biggest mistake a Canadian company can make is to merely duplicate its parent's operation. Our business will differ from that of Celanese in the United States as time goes on". Union Carbide is likewise developing product lines and operations not matching those of its U. S. parent and the company's President, Jack Dwar, maintains that its strength will come from trying to find products which are outside the scope of Union Carbide in the United States - products which they can market not only in Canada but throughout the world. In the next decade they hope to look less and less like their U. S. parents as they become more oriented toward the Canadian market. In fact he maintains that this is what Canada as a whole must do if it

8. Chemical and Chemical Engineering News

is to survive in world markets.

1. Parent-Subsidiary Relations

There appears to be a divergence of opinion within industry and government with respect to foreign ownership and parent-sub~~si~~diary relations. Phrases like "buying Canada back" may seem ridiculous when we consider the proportion and magnitude of our foreign investment held by the United States and compared to our U. S. reserves, but this has not prevented nationalistic views and policies being advocated by government and some industry leaders.

There is the tax incentive being given to foreign owned companies to sell at least 25% of the equity in their Canadian sub~~si~~diaries to Canadians. The revamping of tax laws in 1963 allowed companies with at least 25% Canadian ownership to depreciate equipment bought between 1963 and 1966 at 50% a year, rather than 20%. In addition, the dividends they pay to non-residents are subject to only 10% withholding tax, rather than the 15% rate for non-qualifying corporations. While programmes of this nature are useful to promote greater Canadian participation in Canadian industry, 25% Canadian ownership has in no way decreased the extent of foreign ownership and control. In any case, there has been no stampede among U. S. owned subsidiaries to sell 25% of their holdings or equity to Canadian investors.

Within industry there generally appears to be a good parent-sub~~si~~diary relationship, one reason perhaps being the industry's recognition of Canada's primary problems - the need for increased investment capital and low costs. Economic nationalism and political isolation may not help to furnish the means or the climate in which to

solve these problems. In addition to the growing need for more investment capital there appears to be recognition also of the desirability of interchange of ideas, materials and manufactured products. The chemical industry is a highly technical one and to be competitive, world wide technical knowledge must be utilized. In assessing its own success, the industry acknowledges the tremendous role played by foreign investment and technology and considers criticism of this role as steeped in emotional overtones. It is felt that in most foreign controlled subsidiaries, policy decisions in all areas, be they in the industrial relations field or financial field, are made and executed by Canadian officers in the best interest of Canada. These actions are not necessarily due to altruistic motives but rather to the fact that these subsidiaries and their parents have large investments in this country which it is in their own best interests to protect.

As pointed out earlier, however, varied views exist on this subject. Adolf Monsaroff of Domtar Chemicals has stated that he believes there are definite advantages and no real disadvantages in not being linked to a foreign company. Decisions are easier to make he points out, and the company can use its own best judgment in deciding on export policy or for that matter on building plants abroad. Domtar, incidentally, is one of the few Canadian based chemical producers which also operate plants in the United States.

2. Capital expenditures

Expansion and modernization have taken on a new trend in the past several years (Exhibit 7). At the present time the chemicals and chemical products group of industries is embarking on its most extensive

investment programme yet. The heavy programme of capital spending now underway is in response to increased demand both from domestic and foreign users. Capital expenditures by manufacturers of chemicals and chemical products in 1965 were almost double the level in 1964. Particularly important spending programmes were undertaken in 1965 by the industrial chemicals industry and the mixed fertilizer industry due to increased domestic demand associated with bouyant conditions in Canadian industry and an increased emphasis on the chemical industry in western Canada respectively. The industrial chemicals industry which accounts for approximately one-third of the output of the chemicals group, accounted for about two-thirds of the capital expenditures by the chemicals group. Included in expenditures by the industrial chemicals industry were substantial additions to productive capacity in fertilizer material, ammonia, ethylin, sulphuric acid and caustic soda chlorine facilities.

The industry is presently investing approximately 300,000,000 dollars each year in new plant and capacity, representing more than 10% of the total for manufacturing in Canada. It is contended that this investment is necessary to improve production techniques, lower costs and generally improve the present profit picture described as "not too brilliant" by Domtar's Vice-President Monsaroff. He points out that in 1950 the net profit after tax for the industry as a whole totaled \$55,000,000 representing 19% of all manufacturing profit in Canada. For the next 12 years with minor variations up and down, total net after tax showed little change, indicating a deterioration in profit ability relative to investment. In 1962 the profit total rose to \$76,000,000 representing 9% of all manufacturing profit

compared to 19% in 1950.

In 1950 the return on gross investment was 9%. For the ten year period ending in 1962 the average was 4%. Somewhat comparable figures for the U. S. Chemical industry covering the same ten years are in the vicinity of 7.5%.

A ratio of net after tax profit to sales, although perhaps not the most meaningful figure for judging performance, shows a ten year average to 1965 of 4.3% in Canada while the U. S. industry seems to be in the 7.5 - 8% range. One should remember however that the U. S. is a leader in this field and profit performance figures of large chemical producers in Britain, Germany, France and Italy put Canadian producers in a more favourable light.

3. Impact of Tariffs on Proposed Investments

Estimates for the industry for future investments and growth vary a great deal with considerable emphasis being placed on varying tariff proposals (Exhibit 8). Were the proposed tariff proposals acted upon, it is estimated that investment would have to increase to an annual rate of \$400,000,000 from the present rate of \$300,000,000 in order to expand to the level needed to eliminate the trade deficit. Producers suggest that an annual outlay of over \$200,000,000 is necessary for the industry to maintain its present rate of expansion and if the tariff Board's recommendations are adopted capital outlays are not likely to exceed \$150,000,000 per annum.

An industry committee was formed to represent the chemical producers and make submissions to the Tariff Board on their behalf.

The committee suggested to the Board that Canadian tariff protection on chemicals was well below the average protection granted in leading industrial countries. The Industry Committee recommended that the general rate be set at 15% BP and 20% FMN and contends that the rate of protection proposed by the Board is well below the rate schedule with which Canadian exporters have to contend. The Industry Committee is particularly disappointed in the basket clauses under which it is recommended that all recently developed products as well as those yet to be discovered be brought into the country. Most of these basket clauses have lower rates than the rates for the specified product in the same section, e. g. the basket clause rates in the sections covering synthetic resins and plastics products are free - BP and free - NFM. It is the Committee's feeling that this policy will effectively introduce unilateral free trade in the very important plastics material section of the tariff, as recently developed plastics come on to the market, and will reduce tariffs substantially for most other recently developed chemical products.

It is suggested that these provisions will have important consequences upon growth within the industry as growth is becoming increasingly dependent on capital investment directed towards new products. Moreover, it is alleged, these recommendations would practically eliminate any justification for building a plant in Canada for any products which could be imported under a "duty free" heading rate. Finally, it could be assumed that if the tariff between Canada and any one or more of its trading partners is eliminated most of the technical, commercial and business decisions will be made outside of Canada. With the particular parent-sub~~idiary~~ relationship that

exists, Canadian subsidiaries would rapidly become branch plants.

The Tariff Board on the other hand proposes the Kennedy Round of Tariffs will generally mean easier access for the goods which we already export. They should also open up new opportunities in fields where Canada is not yet a competitive world supplier. In the area of secondary manufacturers, where the opportunities for rationalization and specialization may be open to Canadian producers only if export markets are readily available, the fact that the average level of tariff for manufactured goods in such markets as the United States and the EEC will be below 10% when the result of the Kennedy Round are implemented, will be particularly important.

4. U. S. Arrangements on Chemical Products

Almost all dutiable Canadian items are covered by United States reductions. The total 1966 volume of Canadian chemical exports affected is \$95,000,000. The most important item is synthetic rubber from which Canadian exports of 19,000,000 dollars will benefit as a result of the reduction from $6\frac{1}{2}\%$ to 3%. Duties are to be eliminated on carbon, carbon black, salt in bags and barrels and dicyandiamide. Trade in these items in 1966 totaled 9.9 million dollars. On most remaining chemical items of interest to Canada duties are being cut in half. In negotiations with the EEC, the United Kingdom and Switzerland, the United States agreed to seek Congressional authority to repeal its "American selling price" valuation system for benzenoid chemicals. While Canada is a significant supplier to the United States of very few of these chemicals (for example vanillin) the eliminations of this valuation system could have important long term implications for the

development of markets by the Canadian chemical industry. In most cases the elimination of the "American selling price" system will mean a greater than 50% reduction in United States tariffs.

5. EEC Arrangements on Chemical Products

As part of the general arrangements on chemicals in the Kennedy Round, the EEC has agreed to make unconditional reductions of 20% from current levels on virtually all chemical products with a further 30% reduction conditional on the U. S. action to eliminate its "American selling price" system of valuation on benzenoid chemicals. Canadian trade in this field was worth 11,000,000 dollars in 1966, consisting mainly of pentaerythritol, vanillin, polyethylene, polystyrene, acetic acid and acetic anhydride.

The basic problems with the above rate proposals as seen by CIL management is that Canada still does a vast proportion of her chemicals trade with the U. S., Consequently, it is these rate structures which are important. U. S. tariffs on basic resins are generally high while rates on chemical products are generally low. In Canada the converse is true, thus despite the fact that Canada has good protection in the chemical products group it is in an inferior position as the large proportion of the Canadian chemical industry is involved in the manufacturing of basic resins. Finally, the feeling in industry on this matter is summed up by H. A. Lank, the Chairman of the CCPA, by stating that they intend to point out to government the potential pitfalls in the recommendations and expect that the schedule will be amended accordingly or return to the board for reconsideration.

VII Industry-Government Relations

In April of 1962 the Canadian Chemical Producers Association was formed. The object of the Association is to promote the interests of its members and to develop and maintain good relations with governmental authorities. At the governmental level, Federal as well as Provincial, a number of institutions are in existence which can be approached by the Industry and with which liaison can be maintained.

At the Federal level there has been the formation of:

1. the Economic Council of Canada
2. the Scientific Secretariat
3. the Department of Industries

1. The Economic Council of Canada

This council came into being on August 2, 1963. The duty of the council is to advise and recommend to the Minister how Canada can achieve the highest possible level of employment.

2. The Scientific Secretariat

The formation of the Scientific Secretariat was announced in Parliament by the Prime Minister on April 30, 1964. He described the functions of the secretariat as "to assemble and analyze information about the government's scientific programmes and their interrelations with other scientific activities throughout Canada". The chemical Industry spokesmen have welcomed the Secretariat as they believe that it is only through such instruments that industry and government can make wise decisions on resource utilization, human and other.

3. The Department of Industries

This Department came into being on July 5, 1963 as a result of representations to government by secondary industry for an adequate

voice at the cabinet level. The Act says: "the duties, power and functions of the Minister extend to and include all matters relating to manufacturing industries in Canada over which the Parliament of Canada has jurisdiction, not by law assigned to any other department, boards or agency of the government of Canada". The Act goes on to define six areas to which the minister should direct his attention.

The objectives of the Department are extensive and it is difficult under such broad terms of reference to know where government ends and industry begins. It appears, however, that good communications have been established with the chemical branch of the Department of industries.

Although the industry feels it is only by wholehearted cooperation with the chemicals branch that they shall promote their interests there is some sentiment that the Department has deviated from its prime objectives in some areas. D. D. Stokes, Vice-President and Secretary of Monsanto Canada Limited, has pointed out that in the past the department has in fact duplicated much of the research work already being carried out by various companies. Rather than engaging in research producers would prefer to have the Department concentrate more on creating an appropriate atmosphere between the industry and government at the cabinet level so that a channel of communication would be open when submissions are to be made. A case in point concerns the divergence of opinion within the federal government concerning the industry's path of expansion. F. D. Evans, Vice-President Corporate Planning Uni Royal has defined the problems as follows: "One half of government advocates building larger and larger units

and Ipso-Facto fewer and fewer units. The other half of government waves the Combines Investigation Act with the zeal of a fanatic. The only solution would appear to be better and closer collaboration, to prevent us ending up with the worst of two worlds!" Evans further suggests that with respect to Federal-Provincial Governments there appears to be a considerable duplication of effort taking place. A process of centralization and decentralization is going on simultaneously. This pyramiding of government can be costly and can withdraw trained personnel from industry where staff shortages are already tending to slow down expansions.

VIII Conclusions

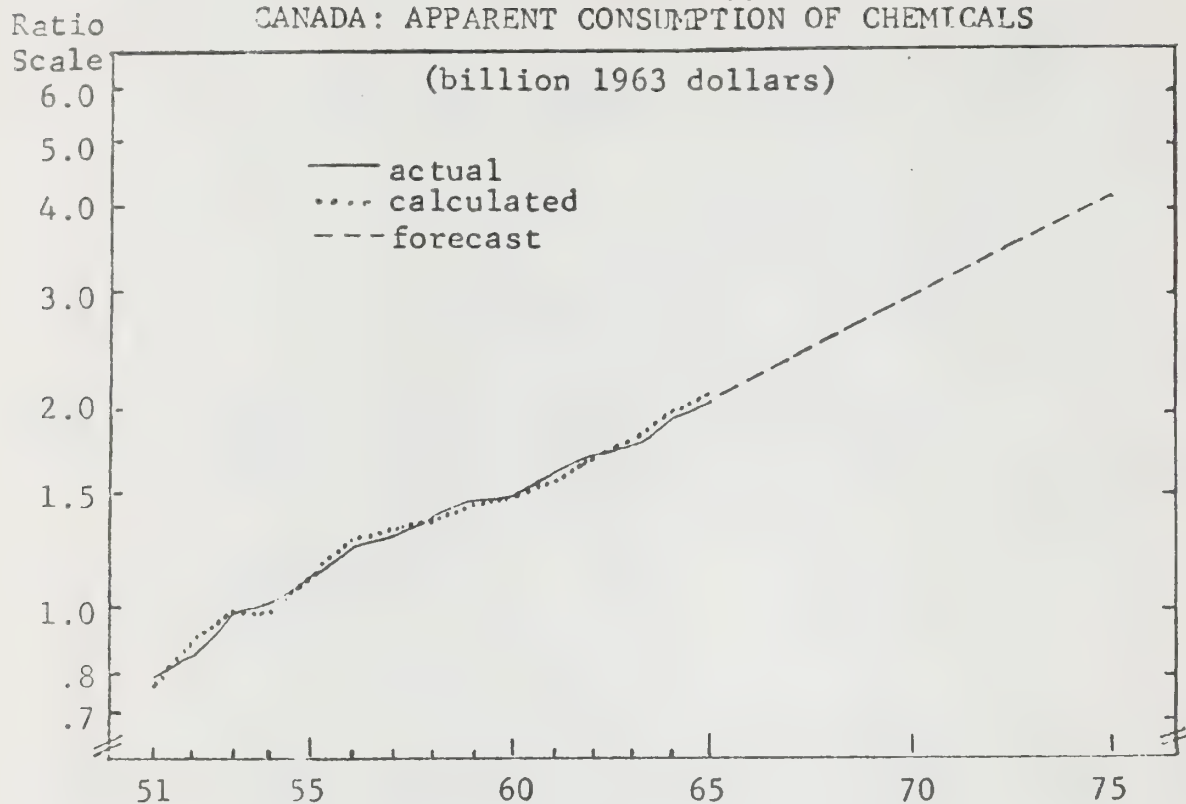
In briefly reviewing the history of the industry and its current position in relation to productivity and investment and including a glimpse of government-industry relationships, it has been our purpose to bring out any new and important forces which have appeared on the scene and which could profoundly influence the economic climate. It is from this background and in this setting that current problems in industrial relations need to be considered. In summary it would appear that healthy advances are being made with respect to productivity and growth. In implementing any recommendations in the industrial relations field, careful consideration should be given to those influential factors which have contributed to the industries success and have been described in this report.

GROSS OUTPUT
CHEMICAL and CHEMICAL PRODUCTS INDUSTRIES

SELECTED YEARS
\$ ' 000

	<u>1954</u>	<u>1958</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>
Mixed FERTILIZERS	32,257	43,144	54,618	67,981	78,984
PLASTICS and SYNTHETIC RESINS	58,882	97,802	128,584	139,085	151,782
PHARMACEUTICALS and MEDICINES	97,396	155,006	175,249	193,718	203,217
PAINT and VARNISH	107,727	143,097	160,462	171,752	181,641
SOAP and CLEANING (COMPOUNDS)	92,526	132,023	179,057	180,530	184,150
TOILET PREPARATIONS	31,943	51,856	74,825	82,272	90,354
INDUSTRIAL CHEMICALS	249,276	398,013	517,199	553,762	616,372
PRINTING INKS	11,649	14,622	20,056	20,377	22,107
OTHER CHEMICAL IND. (including explosives and ammunition)	200,947	203,924	228,834	235,310	261,104

Chart 9
CANADA: APPARENT CONSUMPTION OF CHEMICALS

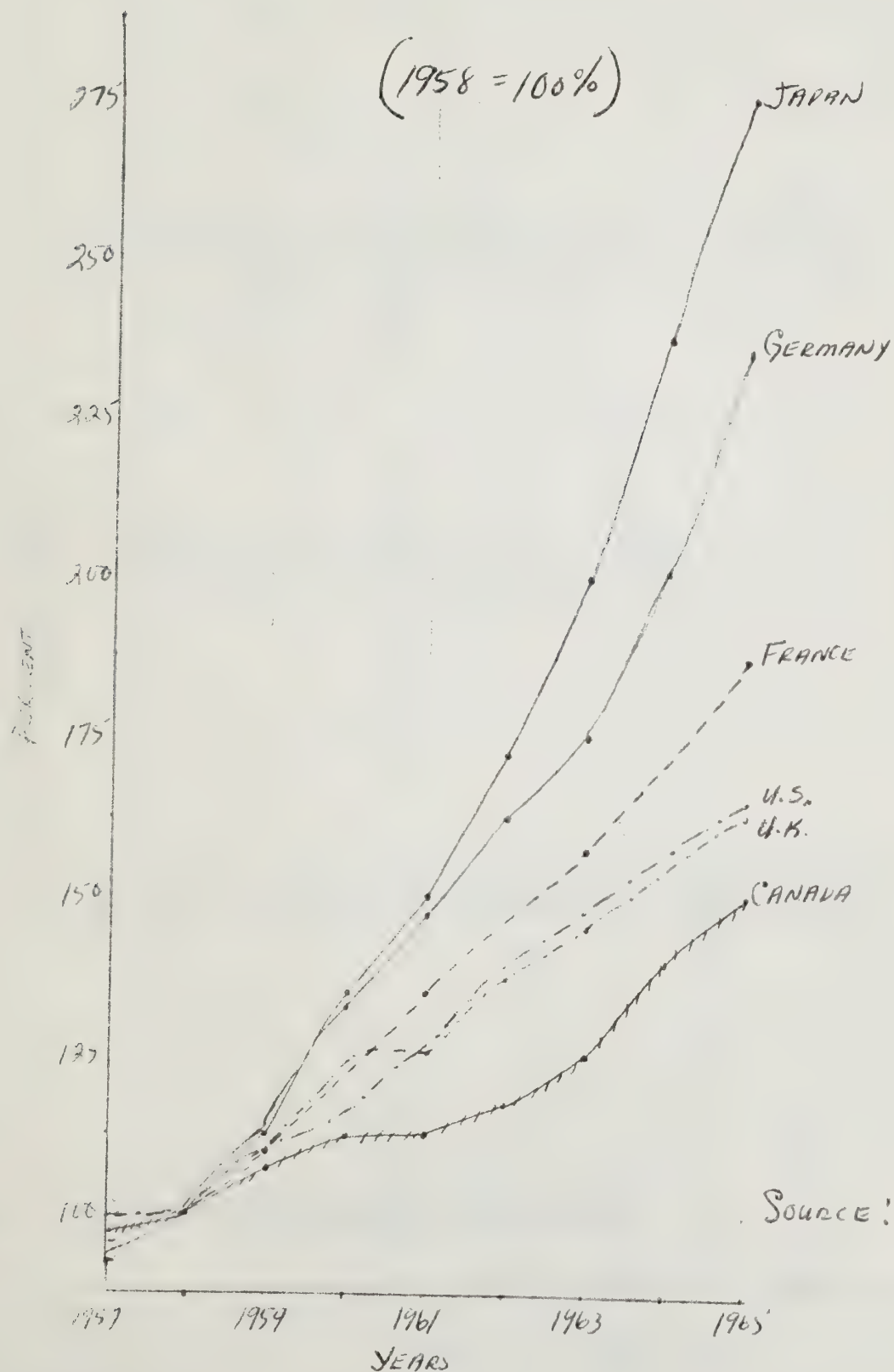


Sources: D.B.S.; C.C.P.A.

The derived equation was used as the basis of forecasts for chemical consumption in Canada by 1970 and 1975 on the assumption that the volume of gross national product in this country will advance at an average rate of 5.5% per annum, in line with the forecast made by the Economic Council.

On this basis, it is estimated that the domestic market for chemicals, expressed in constant 1963 dollars, will increase from \$2.0 billion in 1965 to \$3.0 billion in 1970 and \$4.2 billion in 1975.

Exhibit #3

INDEX of CHEMICAL PRODUCTION
IN SELECTED COUNTRIES

Source: DBS, CCPA

Exhibit #4

GROWTH IN CONSUMPTION OF CHEMICALS

1958-1964

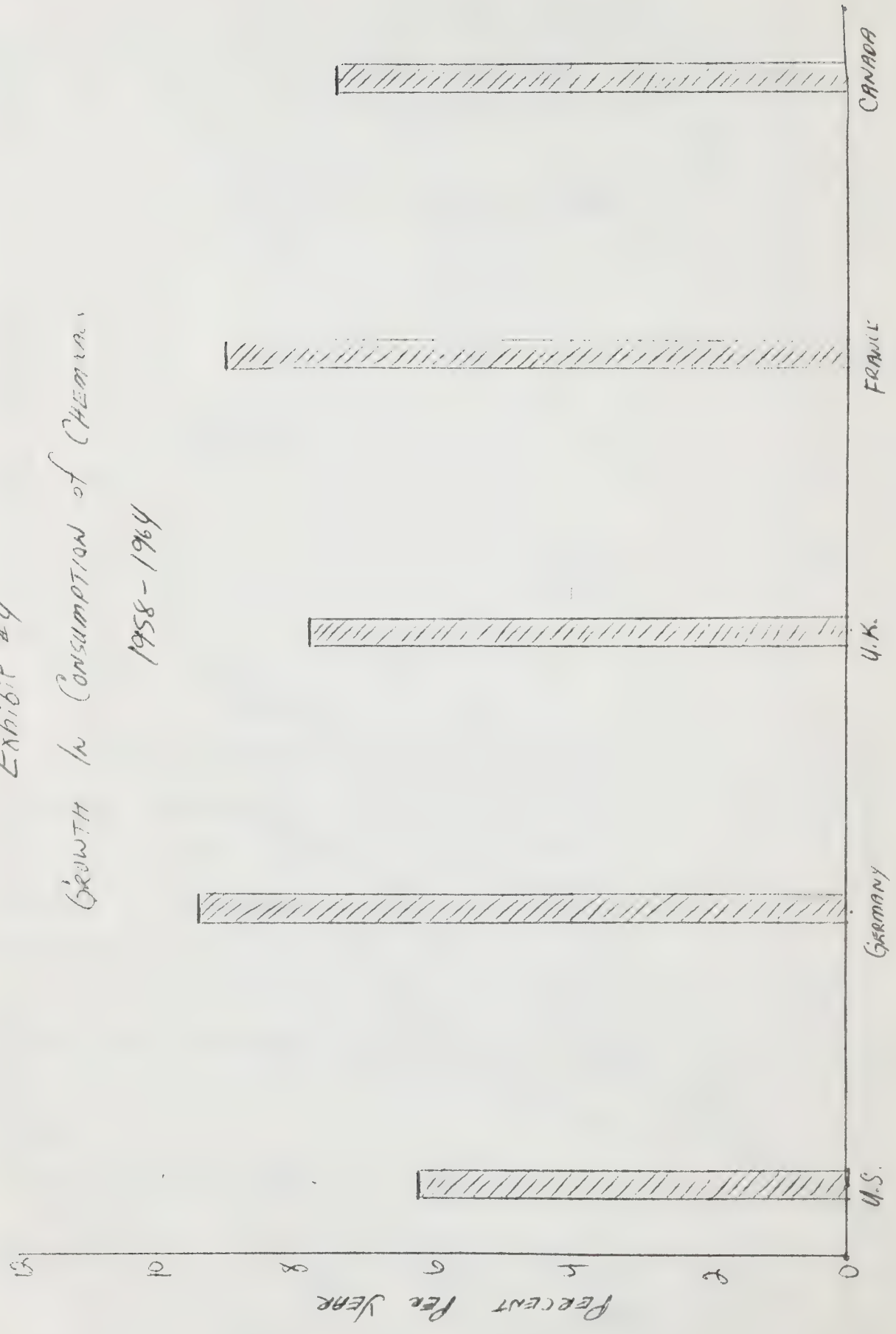


Exhibit #5

A Comparison of Volume Indexes for: Total Industrial Production

Total Manufacturing Production

Production of the Chemical Industry

Selected Period	Industrial Production	Manufacturing Prod.	Chemical Ind. Prod.
1953-1956 A period of strong expansion	20.5%	18.1%	14.9%
1956-1960 A period of slow Indust. growth	8.1%	2.9%	25.7%
1960-1964 A period of moderate expansion	27.4%	26.1%	27.5%

Source: DBS Volume Index of Production

24

24R

Salary & Wages
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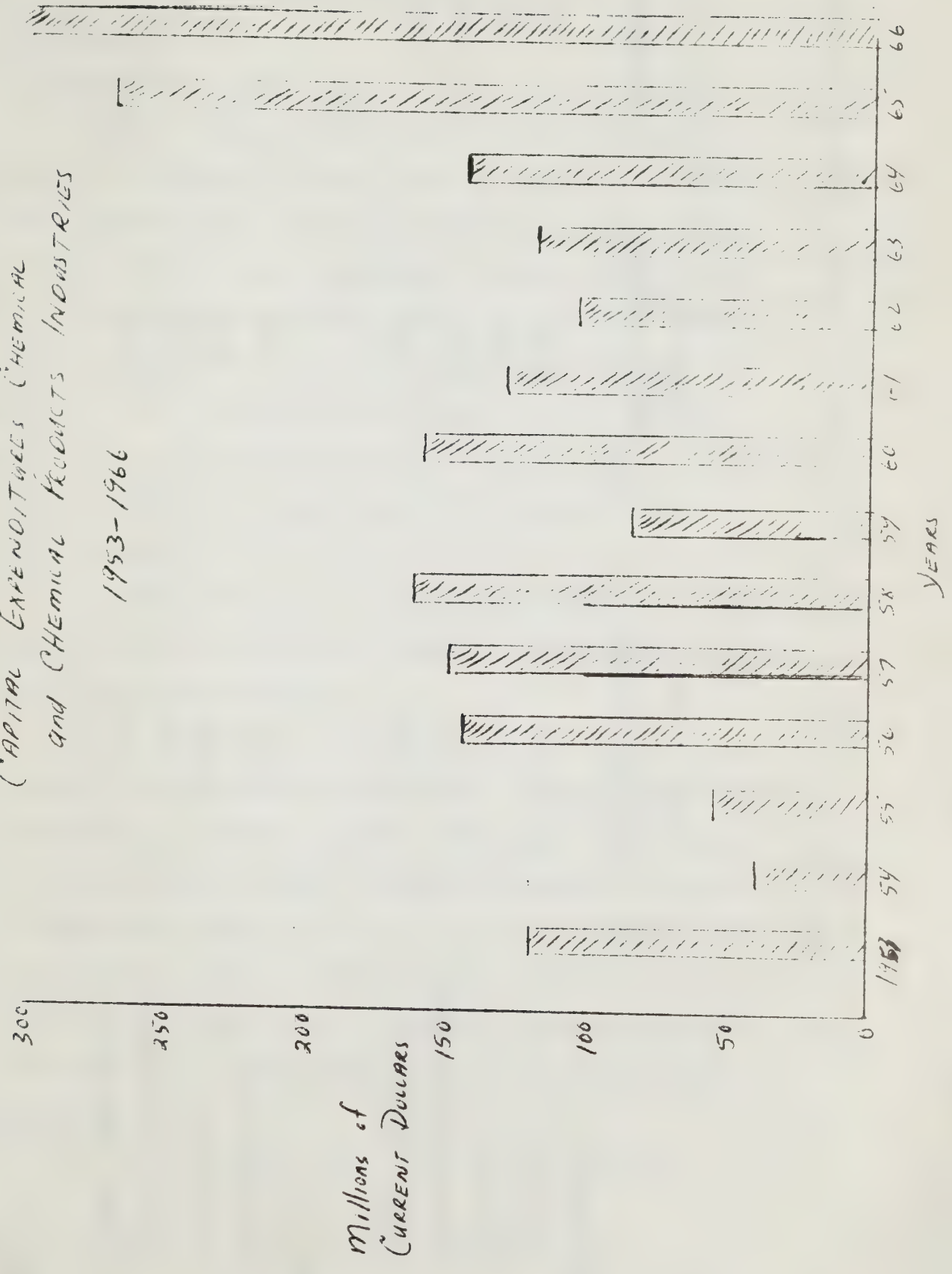
Year	Salary & Wages	Number of Employees	Average	Average	Hourly Earnings
1953	\$ 200	3,280	41.9	1.30	
1954	164,541	3,433	41.5	1.45	
1955	174,850				
1956	230,686	4,284	40.7	1.82	
1957	241,088	4,443	40.8	1.88	
1958	253,231	4,720	40.6	1.97	
1959	254,004	4,869	40.8	2.04	
1960	253,483	4,982	41.0	2.10	
1961	262,105	5,254	40.9	2.18	

1965
 (preliminary)

Exhibit 27

CAPITAL EXPENDITURES (CHEMICAL
AND CHEMICAL PRODUCTS INDUSTRIES

1953-1966



24

Exhibit #1

Estimated Growth and Development of the
Canadian Chemical Industry 1970 and 1975 (Based on 1965 dollars)

FORECASTS

	TRADE ROAD RECOMMENDATIONS	BASED ON PRESENT TRENDS	INDUSTRY RECOMMENDATIONS
1965 (ACTUAL)			
Consumption	2.0	2.0	2.0
Production	1.8	1.8	1.8
CAPITAL INVESTMENT	0.2	0.2	0.2
TRADE BALANCE	-0.2	-0.2	-0.2
1970			
Consumption	3.0	3.0	3.0
Production	2.2	2.4	3.0
CAPITAL INVESTMENT	0.1	0.2	0.4
TRADE BALANCE	-0.75	-0.6	0
1975			
Consumption	4.2	4.2	4.2
Production	2.7	3.1	4.2
CAPITAL INVESTMENT	0.2	0.3	0.4
TRADE BALANCE	-1.5	-1.1	0

CHAPTER II

THE SYSTEM OF INDUSTRIAL RELATIONS IN THE CHEMICAL INDUSTRY IN CANADA

Introduction

Clarification of Terms

Before attempting to talk about the system of industrial relations in the Chemical Industry, it may be helpful to set out this writer's understanding of the term "industrial relations" and the meaning, usage, and significance which it will have in this study.

Industrial is, of course, derived from industry. Industry, in its broadest sense, can be defined as productive activity, and as such, it can be thought of as coextensive with the production of goods and services, or practically synonymous with economic organization. This is not the sense in which "industry" and "industrial" will be used in this section.

In a narrower sense, industry is also used to denote the production of goods as distinct from financial and commercial activities, such as banking and brokerage.

In an even more restricted sense, industry is used to refer to extractive and manufacturing activities, ordinarily involving the use of mechanical power and processes. This usage will normally exclude from "industry" various types of independent handicrafts and small scale agricultural production. It is in this very restricted sense that we shall speak of industry and of the Chemical Industry in particular. I shall not be concerned, except incidentally, with the financial aspects or structure of the industry, including its commercial or marketing arrangements.

Next when we speak of "industrial relations", what relationships are we referring to? Analytically, we can distinguish four types of relationships arising out of the growth of industry, namely, market, managerial, human and collective relations.

Market Relations

The vast majority of the gainfully-occupied in Canadian society earn their living as employees receiving pay or remuneration. Usually a distinction is made between wage earners - those who are classified as manual workers and are paid by the hour or by the day, and salaried employees - those who are paid weekly, monthly or annually. This differentiation has little significance in real economic terms, in that all who are economically active or gainfully-employed receive wages or an income or reward. In other ways to be discussed later, however, the distinction between wages and salaries has important sociological and other consequences. Of more immediate significance is the fact that all employees, wage earners or salaried, who are engaged in the unit of production or firm, have a contract of employment with the enterprise that employs them. Basically, it is this contractual or employment relationship which is subsumed under the term "market relations". The contract of employment may be simple and be defined in terms of so much wages for so many hours of work. Usually, however, it is much more complicated than this; payment may be by result rather than by time, and other conditions of work, such as overtime, holidays with pay, training, promotion, conditions of dismissal and so on, may be spelled out.

In the liberal or capitalistic economy, this type of contract is

regarded as a "bargain", where the job seeker and employer - two equal parties, ("equal" that is in the eyes of the law governing contracts and the courts which enforce it), attempt to get the best possible deal for themselves.

All these bargains between employees and employers - what we have called "market relations" or the relationships settled in labour markets - are a part of industrial relations.

Managerial Relations

Once the bargain is struck, however, and the job-seeker accepts employment, he becomes involved in another set of relationships. He cannot do what he likes during the hours that he has agreed to work for the employer in discharge of his obligations. He is given certain orders which he is expected to carry out. In other words, he becomes a member of an institution which is a total social system in itself, involving a whole series of patterned interrelationships and corresponding interrelated structures, of authority, of power and of status. The employee's area of personal freedom of action and discretion may be carefully circumscribed and regulated to the extent thought necessary to integrate his activities with those of others. Experience seems to indicate that without some source of central direction, and guidance, individuals in any sizable number cannot work together successfully or efficiently over a sustained period of time. Every enterprise, therefore, has its own structure of authority, with its hierarchy of responsibility, its channels of communication, its disciplinary rules and sanctions.

The authority structure reflects the distribution of decision-making opportunities among the members of the institution or enterprise. It indicates the levels at which critical decisions (and not so critical

decisions) are to be made, and that some person or persons are placed in a position where they can issue directives which others are expected to accept and obey.

The authority structure is reinforced by the hierarchial or status or rank structure, the purpose of which is to define the correct pattern of behaviour for employees in their dealings with each other and to enable them to recognize the authoritativeness or reliability of communications that come to them.

These relationships among employees which

- (a) relate each individual to the total work organization,
- (b) indicate the broad choices of behaviour designed to achieve the goals of the institution,
- (c) specify the rules of personal conduct, and
- (d) specify duties and responsibilities,

may be called "managerial relations" as it is normally the task of management to organize them. Managerial relations, too, are part of the subject matter of industrial relations.

Human Relations

The formal structure of an enterprise is evidence that an organization or system of cooperation has been consciously created, and a number of people brought together to achieve certain formal or stated objectives. At the same time, however, the members of the enterprise, at all levels, bring with them certain capabilities and "social equipment" which they have acquired before joining the work organization. The "social equipment" or "human equipment" if you will, includes attitudes and values - of right and wrong, justice and injustice, like and dislike, and so on, all of which impinge on the work relationships.

The values and ideals which the members bring as human beings are inseparable from the skills they offer in their capacity as employees. Through a process of orientation and indoctrination, management tries to reconcile the values of individuals with other employees in the organization and with the formal purposes and goals of the enterprise itself. In directing the skills and energies of employees towards realizing the objectives of the enterprise, management is constrained by the fact that members within the organization also wish to achieve the development and expression of their personalities as human beings as distinct from employees. One group of employees may get on well with a supervisor because he accords them respect. Another may hate their supervisor because he is considered a bully, and probably do all they can to make his job as difficult as possible. This is the stuff of human relations in industry.

Since the turn of this century there has been a growing appreciation of the importance of human relations in industry. It is reflected in the concern over "personnel administration" and the rise of staff specialists or personnel administrators to deal with such things as selection, recruitment, placement and retention of employees; training and promotion, wage and salary administration; motivation, incentives and morale, and the provision of welfare benefits. Personnel administration, as the study of human relations within the work situation, therefore, is another aspect or part of industrial relations.

Collective Relations

Personnel administration, however, will not be the main focus of our concern in this study of industrial relations in the Chemical Industry. For one thing, it assumes that each employee deals with his employer as an individual without support or assistance from any outside body or

organization. This is not a realistic assumption. In Canada, as elsewhere, one of the consequences of the growth of industry has been the emergence and development of trade unions. Wage earners, in particular, out of conviction that the unilateral exercise of authority over them by the employer or management constitutes a threat to their security, whether of employment, income or status, have combined for mutual protection. Salaried employees have done the same thing, though on a much less significant scale. They have preferred to call their labour organizations staff associations to differentiate them from trade unions - which they tend to associate with manual workers and/or the working class. In support of this differentiation, associations of staff or salaried employees have also been prepared to forego some of the weapons of bargaining used by trade unions -(e.g. the strike), but the end purpose of combination remains the same. Instead of the individual employee settling the terms of employment with his employer, his union (or staff association) bargains with the employer on his behalf as well as on behalf of the other employees who have formed common cause. The result is a collective bargain and the process is collective bargaining.

Employers, reacting to combination on the part of their employees, likewise form employer associations to deal with "labour problems" and to present a united front in negotiations with a trade union or group of unions.

We have then a ~~second~~ fourth set of relations - collective relations - which also form part of industrial relations. It is primarily with the collective relations or collective bargaining relationships that we shall be concerned in the study of the system of industrial relations in the Chemical Industry. One focus will be on collective bargaining

relationships because they have resulted in a form of joint regulations of industry which has significantly affected, though not nullified, the other three basic types of relationships - market, managerial and human, which altogether comprise industrial relations. I say significantly affected, but not nullified, because collective bargaining relationships are not ends in themselves. They are only a means of dealing with the problems which arise out of the other three types of relations - market, managerial and human. We also know, however, that the means and the way in which they are used can, and do, affect the particular end desired, and this generalization applies to collective bargaining as well. There is no doubt in my mind that the nature of the collective bargaining process itself has changed the nature and scope of some of the problems with which it was designed to deal. For instance, collective bargaining has changed the magnitude, intensity and scope of industrial conflict or disagreement between the employer and the employee. In the absence of collective bargaining the individual employee has to rely on "market relations" and his own resources in a test of strength with the employer. He may reject the offer of the employer and withhold his labour, but in the final analysis this may mean seeking alternative employment. Under collective bargaining, however, the employee confronts the employer or collective management with the combined strength of other employees through the trade union as his collective institution. The test of strength is then between groups and institutions, and the degree of pressure and coercion that much greater. Furthermore, in the test of strength the individual may withhold his services, in concert with others, disrupt the functioning of the enterprise and thereby force

the employer to reconsider the offer, without having to seek alternative employment.

The weapons of collective bargaining - the collective withholding of labour (the strike) or of employment (the lock-out), are much more disruptive to the work organization and to society at large than would be the case if the individual employee clashed with his employer.

Collective relations have impinged also upon managerial relations and human relations. Collective bargaining embraces not only the negotiation or determination of wages, hours of work and other conditions of employment, but extends as well to the administration of the collective agreement. As far as management is concerned, collective bargaining under trade unionism represents a steady encroachment upon the authority of the employer to organize work relationships. Management may still dismiss or discipline employees but the trade union reserves the right to challenge such actions and asks the employer to show cause or prove that both the action and the penalty are justified.

It is, of course, difficult to generalize about the impact of trade unionism and collective bargaining on managerial relations. Depending on the country, the industry and unions in question, trade unions have adopted a variety of approaches, and attitudes. Some trade unions have tended to concentrate primarily on the determination of wages and other conditions of employment and to be concerned with managerial prerogatives only in a negative or defensive way. Others have taken a greater interest in organization and direction of work relationships generally in the enterprise, even to the extent of demanding representation on Boards of

Directors or Boards of Management. Yet others have sought joint consultation as the appropriate method for enabling employees to have influence, if not a say, on managerial decisions and relations within the workshop.

In the area of human relations also the trade union and the collective agreement have interposed themselves between the employer and individual employee. In interpersonal relationships management must be aware of the possible repercussions which a decision, taken in regard to a specific individual or purely personal problem, may have for institutional relationships. In other words, grievances arise among employees, not only in regard to the terms of the contract of employment but also in respect to their treatment on the job. In such circumstances, the members of the trade union expect it to stand up for them and to take action to remedy the injustice which they feel they have suffered.

The Organization of Collective Bargaining

Institutionalizing power conflict

It should be clear, even on the basis of what has been said so far, that collective bargaining represents an attempt by employees to extend their power and thereby restrain the authority and power of the employer.

Industrial workers have not been willing to accept the legal notion that in employment relationships the firm or corporation is an entity or person on equal footing with the individual wage earner. They have been conscious of the fact that behind the facade of legal corporate personality lies an aggregation of economic resources which enables the employer to dictate the terms of the bargain. In seeking to redress the imbalance in bargaining power, the individual wage earner confronts the employer or management as his institutional agent, with the countervailing

power of the union, as the expression of his (the wage-earner's) collective power. Individual relationships, therefore, are superseded by collective or institutional relationships. The parties to the bargain become, in a sense, four rather than two. On the one hand, there is the employee and his institutional representative - the union. On the other, we find the employer or management as his institutional agent. In terms of strategy and power - both union and management may be said to enjoy a status independent of the people whom they represent.

The union derives its power and authority from its members and must command their support and loyalty, if it is to represent them adequately. The greater the support given to the union by its members, presumably the stronger and better able it is to represent them.

At the same time, however, the union is a social institution and subject to the law of growth and development of all social institutions. As Arthur Ross¹ has pointed out, every institution has a formal purpose which is the reason for its existence. As the institution grows, however, it experiences its own needs, ambitions and problems which may become differentiated from the needs, ambitions and problems of its members.

In the case of the trade union, career officials as well as rank and file, share a common concern for the survival of the union. On the other hand, the career officials have a distinctive interest in the survival and growth of the union, which is related to their own career expectations.

1. ROSS, Arthur, Trade Union Wage Policy - University of California Press, Berkeley and Los Angeles, 1943.

From the point of view of the union leaders, the imperatives of institutional survival can be met most adequately by insulating the union against fluctuations in membership support. This accounts for the drive on the part of unions to negotiate and incorporate into collective agreements union security provisions such as the union shop and dues check-off.

Following this line of reasoning, we can make also a distinction between the power of the union and the power of its constituent members. While the union derives its power from the individual employee, as an institution it exercises a power independent of the individual employee. "The power of the union is not the sum of power possessed by individual workers. It is a collective power which derives from the fact of collectivity. The whole is more than the sum of the power of the individuals considered aside from the organized group. It is this that justifies considering the power of the union separately from the power of the members. One is not the sum of the others, even though the union is agent of its members. The organization of the union creates power."²

On the side of the employer an analytical distinction likewise can be drawn between the employer or owner of the means of production and the management or agent, who carries out the administration of personnel. The authority of the employer is based on, and sanctioned by, legal rights accruing from property or ownership. Clothed with these rights, the employer enjoys certain prerogatives in the hiring, promotion, transfer,

2. Woods & Ostry - Labour Policy and Labour Economics in Canada, Macmillan of Canada, Toronto, 1962, p. 5.

lay off or dismissal of employees. It is his control over job opportunities which gives the employer considerable power in industrial relations.

The authority of the manager or agent is, in turn, derived from the employer and legally he has no more discretion than the employer allows him.

In the same way, however, that the power of the union is independent of the power of any single employee, so the separation of ownership and management makes it possible in many large scale corporations for managers to exercise a power distinct from that of any single shareholder. Legal ownership may be vested in thousands of individuals, but effective control may be exercised jointly by management and a limited number of shareholders who hold sizable blocs of shares. In its dealings with the union, management may therefore exercise considerable discretionary power-vis-a-vis the employer or legal owners of the business.

The two principal actors in collective relations - trade union and management, are therefore engaged in a process-collective bargaining - which is consciously grounded in the use of power. The trade union seeks to extend its power and to circumscribe the authority and power of management. Management on the other hand, tries to prevent encroachment or attrition of its authority and power and this may mean a policy of containment of the union power. The consequence is power conflict between unions and management, which often manifests itself in great trials of strength. Because of the nature of the weapons used by the parties, their power conflicts have consequences which extend beyond their borders and are of concern to the public or community at large.

The weapons used by labour and management in collective bargaining are formidable. The union uses the strike, go-slow and jamming of the grievance procedure. The employer has recourse to the lock-out, arbitrary interpretation of the collective agreement and tough disciplinary or grievance procedures. This armoury of weapons is designed (a) to enable one side or other to alter an institutional practice or rule in its favour (the grievance procedure), or (b) to disrupt the organization even while it continues to operate (go-slow and/or jamming of the grievance procedure), or (c) to halt the regular functioning of the enterprise (strike or lock-out).

The Public Interest in Collective Relations

The public interest in collective relations or collective bargaining relationships may be approached from a variety of points of views, one of which is social disorder. Modern society is both highly complex and interdependent. Division of labour and specialization are carried to the point in work relationships and other social activities where the individual employee may be likened to a cog in a machine. His own participation is dependent on the actions of others in earlier stages, while his own actions are a necessary precondition for the performance of their tasks by others engaged in subsequent stages.

Industrial conflict of a sustained nature which disrupts the productive processes and halts the flow of goods and services may therefore threaten the stability of organized society itself. The public stake in industrial relations is to ensure that conflicts and disagreements are kept within certain bounds, so that they do not lead to social disorder. This is one of the reasons why the state or government as the custodian of the public well-being becomes a fifth and interested party to the

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collective relations which exist in the field of labour-management relations.

Public Policy towards Collective Bargaining

If the weapons used in collective bargaining are disruptive and can even be destructive, why should collective bargaining be accepted as the appropriate means for regulating employment relationships?

Collective bargaining, like any other social process, reflects the norms of society. In Canada, within the broad framework of a liberal democratic society, it is assumed that conflict is inevitable between individuals and between groups. The claims of individuals as well as groups for the maximum possible freedom of action and discretion in pursuing their self-interest have to be weighed and reconciled with the claims of the wider community. Compromise is therefore of the essence

the liberal democratic society, and it carries with it the assumption of freedom of expression. Freedom of expression provides the guarantee that the differing notions, perceptions and viewpoints associated with individuals and groups will be expressed. For individuals and groups to express their views, they must have a substantial measure of freedom of association. The individual who talks to himself is usually regarded as not being in full possession of all his mental faculties. The right of employees and employers to organize and bargain collectively is but a particular aspect, therefore, of the more general process of effecting compromise and accommodation within the framework of a pluralistic society.

Another way of looking at it is to view collective bargaining as a policy adopted by organized society in pursuit of the principle of social and economic justice. For employer as well as employees, an economic enterprise represents an investment or outlay of resources from which each member of the enterprise expects to receive a return or reward.

The reward of the employer is profits - which according to economic theory is the surplus that remains after the coöperant inputs or factors have been paid. The greater the margin or spread between his outgoings (for raw materials and all other services) on the one hand, and his receipts or revenues on the other hand, the greater is the profit or return made by the employer. To the extent that the employed or producer is guided by the competitive norm, he is motivated to achieve the objective of increased profits. On the side of employees, income from employment normally constitutes the major, if not sole, source of income and they too naturally have an interest in securing as large a remuneration or reward as possible.

To the extent that employer and employees look to the enterprise to receive their rewards, they both can share the common objective of enlarging the economic cake from which their respective aspirations are to be met. The sharing of the economic cake is, however, a different matter and one which will continue to be a source of conflict. Management views wages as the cost of labour and especially when it constitutes a significant proportion of total costs, has an inducement to keep labour costs from rising too quickly or disproportionately to other costs. Employees on the other hand view wages as their main source

of income derived from employment, and have vested interest in high and rising wages to the extent that they are synonymous with income. The sharing of the economic cake is further complicated by the fact that rewards are not limited to material and financial gains. The pursuit of social and economic justice extends to a wide range and variety of rewards which include wages, hours of work, statutory holidays, vacation with pay, technological changes and their consequences for income and employment security, training, promotion, pension plans, supplemental unemployment benefits, hospital and medical plans and so on, as well as seniority provisions which affect the status of employees, and determine to some extent, who remains employed or gets promoted and consequently who receives rewards.

Until recently, collective bargaining as a form of joint regulation or self-government of industry involved a high degree of determination by the two main interested parties. Government was viewed as playing, normally a limited role, helping labour and management to achieve settlements of their competing claims without resort to work stoppages and without damage to the public welfare.

In recent years, however, governments in most countries have become concerned about the economic impact of collective bargaining and have developed substantive objectives of their own for collective wage determination, such as wage freezes, wage guide-lines and income policies, all of which suggest that the terms of negotiated settlements, even when achieved without work stoppages, will be no less a source of worry for governments.

The state occupies a not unambiguous position. It has responsibility to define the broad framework within which collective relations take place and in so doing it performs both regulating and arbitral functions, particularly in the non-governmental sector of the economy. At the same time, however, the state is also the single largest employer at the federal as well as provincial levels of government. Government employees of one sort or another, have felt their need, no less than employees in the private sector, to offset the overriding power of the state by establishing collective or countervailing power. In dealing with its own employees and employment relationships the state is very much an interested second party; whereas in dealing with employment relationships in the private sector it can claim to be a somewhat more disinterested third party.

Collective bargaining may have been adopted as an appropriate policy in pursuit of social and economic justice - but so too are the goals of full employment and relative price stability. If there is conflict between policies adopted to achieve a common objective, some limitation may have to be placed on one or more of the policies if they are to survive. We are confronted with the familiar paradox that in order to maximize the totality of freedom, some restraints may have to be placed on particular freedoms. The inference to be drawn is that the system of industrial relations of a particular industry is a complex of private and public activities which embraces the whole gamut of structural arrangements through which rewards are allocated. The actors within the system are individuals as well as institutions. There are workers, as employees and as members of their representative institutions; there are managers as individuals and as institutional

Agents of employers or owners; there are governments and governmental agencies; finally there are private and quasi-public voluntary associations who have related interests. The parties involved are striving to achieve their respective goals and objectives, based on the exercise of functional, economic and political power.

There are therefore a number of environmental systems, all of which impinge on the system or systems of industrial relations. They can be categorized as :

- (a) the ecological system or physical environment,
- (b) the economic system,
- (c) the political system,
- (d) the legal system, and
- (e) the social or cultural system.

All these which have been referred to briefly in Chapter I in their own way affect the interplay of the various aspects of industrial relations, namely, market, managerial, human and collective relations. Two of the environmental systems (c) and (d) above are of particular relevance at this stage, as they will provide the background or framework for much of our later discussion. They will be discussed at some length below.

The Legal and Institutional Framework in Canada

The legal and institutional framework of collective bargaining in Canada is complicated by the fact that public policy in the field of industrial relations is controlled by a federal or dominion government and ten provincial governments. The powers and jurisdiction of the federal and provincial governments are derived from the British North

America Act. Through a series of interpretations (or misinterpretations, depending on one's point of view) given by the courts of last resort in constitutional cases, the major role in labour-management relations (and industrial relations generally) has been assigned to the provinces.³ It may be misleading, therefore, to speak of a Canadian system of industrial relations, as strictly speaking - there are eleven systems - one for the Dominion and one for each province. Moreover, each one is constitutionally free to develop in its own way. The fact of the matter, however, is that the public policies and the legal framework in each of the eleven jurisdictions bear so strong a resemblance to one another, that it makes it possible to hazard generalizations about Canada as a whole without doing grave injustices to any one of the several jurisdictions.

Legislative Policy

Over the years Canadian legislators have delineated four basic types of industrial disputes, which at the same time, constitute the four major areas of industrial conflict. For each kind of dispute and conflict the legislators have established legal procedures consistent with their interpretation of the respective disputes themselves.

The four distinct types of disputes are:

(a) recognition disputes, (b) negotiation or interest disputes, (c) interpretation or rights disputes and (d) jurisdictional disputes. In the areas of conflict related to (a), (c) and (d) above, Canadian law has substituted adjudicating agencies for economic force

3. The role of government in Labour Relations in Canada and its development is discussed at length in Woods & Ostry, op. cit. Chapters 1 - 9.

(strike or lock-out) while in (b), the right of recourse to direct action has been preserved but circumscribed.⁴

(a) Recognition Disputes

The decision whether or not to recognize and bargain with a trade union which claims to represent the employees in his firm or establishment has been taken out of the hands of the employer. Workers have been guaranteed by law the right to associate, to form unions and to bargain collectively, free from interference or discrimination on the part of the employer. To claim collective bargaining as a legal right and to enjoy the protection against employer interference and harassment, employees must however satisfy certain certification procedures. They must, for instance, meet statutory definitions of "employees" for the purpose of bargaining. They must demonstrate also that the union or institution they have chosen to represent them has the required statutory membership or majority support, as the case may be, within the group in question. A statutory board - the labour relations board - receives the unions application and determines: - the appropriateness or otherwise of the unit for bargaining, the extent of membership support within the bargaining unit for the applicant union, conducts a representational poll as required by law, and certifies the union if it meets the requirements.

In representational or recognition disputes, therefore, the union has been denied the right to strike to enforce its claims, while the employer has been denied the right to lock-out his employees or employ unfair practices to refuse union recognition and representation.

4. In the pages that follow (21 - 26) the legal framework will be described very briefly and cursorily to provide a point of reference for later analysis in the report.

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(b) Negotiation Disputes

Once recognition has been granted, employer and trade union enter into the second phase of their relationships - the negotiation or legislative phase, so to speak. They attempt to determine jointly the basic conditions and terms of employment as well as the institutional framework within which they will live or operate on a day to day basis.

In this area of negotiation or interest disputes - state intervention in Canada has led, generally speaking, to a compulsory two stage conciliation system comprising (a) the conciliation officer stage and (b) the conciliation board stage.⁵ It represents a logical extension of the principle of compulsory recognition. Having settled the issue of representation - Canadian law requires the parties to bargain in good faith with a view to arriving at and signing a collective agreement. If the parties fail to achieve a settlement through direct negotiations, they are obliged to avail themselves of the services of a conciliation officer and/or conciliation board.

Until the conciliation procedures are exhausted, neither part may resort to work stoppage - be it the strike or lock-out - to try and enforce a settlement or solution in their respective favour.

In effect, therefore, Canadian legislation has imposed a waiting period or enforced delay between the time negotiations become deadlocked and the stage where the parties are free to resort to an economic test of strength. The presumption appears to be that the waiting period will provide an opportunity to both sides, assisted by outsiders, to reach an agreement either through conciliation or through pressure which falls short of outright coercion.

5. It may be noted that in the province of Saskatchewan conciliation officers and the conciliation service is not imposed upon the parties. Nor is there any legal provision requiring the parties to refrain from resorting to work stoppages while a conciliation or industrial relations officer is attempting to conciliate. In the province of Quebec the conciliation officer stage is compulsory but the board stage need not be. If, however, both parties agree mutually to accept a conciliation board, then its recommendations become binding upon them.

(c) Interpretation or Rights Disputes

Once a collective agreement has been signed, it can be assumed that the parties have established, as well as defined, a set of specific rights and obligations. They have passed, so to speak, from the legislative to the executive phase.

What happens when there is disagreement over the application or interpretation of specific provisions of the agreement?

Canadian legislators have decided that economic sanctions, which with certain qualifications may be used, in the first place, to settle the contents of collective agreements, should not also be used to enforce observance of the terms of such agreements.

In all jurisdictions in Canada, there is well nigh a universal requirement that trade unions and employers shall not engage in strikes or lock-outs during the life of an agreement and shall submit unresolved⁶ disputes to adjudication by impartial or disinterested persons.

In a sense the legislators have merely transferred a system of "voluntary compulsory arbitration" into one of outright compulsion. Possibly 90% of all the Collective Agreements which are voluntarily negotiated in the United States today include clauses which stipulate that grievances must terminate in arbitration without recourse to stoppages. The same applies in Great Britain. This is why I referred to

6. For our purposes, we may note that the most complete system of compulsory arbitration of industrial disputes, arising during the life of an agreement, is found in the Province of Ontario. The arbitration clause, the arbitrator, the process of arbitration and compliance with the award are all legal requirements. The failure at any point is a violation both of a private agreement and of law.

a system of "voluntary compulsory arbitration of grievances" voluntary because it is put into most agreements by consent; compulsory - in the sense that by mutual agreement, both parties agree to abide by the arbitrator's ruling. Canadian law makers, however, have elected to give the sanction of law to a practice which by convention would have had the same practical effect.

The rationale behind the policy of compulsory arbitration of rights disputes includes inter alia:

(a) the strike is a device for achieving group or collective interests and it is uneconomical to use it to secure individual redress.

The grievance procedure is a practical as well as reasonable alternative. It provides a series of orderly steps through which complaints can be processed. Conflict is thus localized to one department or group while work continues elsewhere. The union is protected from using all its resources in trying to resolve individual complaints.

(b) in accepting arbitration of grievances - both parties are giving up very little power to the third party who is asked to intervene. This is so because the contract itself defines the terms of reference and scope of the arbitrator and delimits his area of intervention.

(c) disputes over interpretation and application of the collective agreement may reflect genuine differences of opinion over the interpretation or application of a given clause or practice. Because the collective agreement serves to define rights and obligations of the parties a third party can be asked to examine previous and existing practice and conventions and make a reasonable decision. Normally the grievances taken to arbitration do not raise issues of fundamental principle over which the parties feel very strongly.

(d) Jurisdictional disputes

Jurisdictional disputes arise when two or more unions are seeking the right to represent a group of employees, or are in conflict as to which group of workers should undertake certain tasks. In Canada, generally speaking, a union cannot use the strike to force recognition as it is unlawful to resort to this device for such a purpose. The path open to a union which has not been certified as the bargaining agent is to build up membership until it has acquired the statutory minimum membership to achieve compulsory recognition by successful application to be certified.

It is not necessary for a union seeking to acquire bargaining rights to be certified. An employer may recognize a union voluntarily and accept it as the representative of the employees in a unit jointly determined by both parties. Certification is an alternative to voluntary recognition but once a union is certified, it is protected from challenges to its right to represent employees in the unit for a specified period of time - depending on the terms of the agreement.

In Canada, generally speaking, as a matter of public concern the problem of jurisdictional disputes has been approached indirectly through certification procedures. * Adjudicating agencies - labour relations boards - are charged with the responsibility for determining

* In 1960 the Province of Ontario established a new agency, the Ontario Jurisdictional Disputes Commission, to deal with disputes over the allocation of work.

the appropriateness of the bargaining unit (and not the appropriateness of the union per se) conferring recognition and the granting of exclusive bargaining rights through certification. The procedures which must be observed by a union wishing to challenge or obtain certification provide an orderly means of deciding with which of the contesting unions an employer shall deal. The right of certification carries, in several Canadian jurisdictions, the concomitant right of decertification under certain specified conditions.⁷

7. The function and role of labour relations boards in the several Canadian jurisdictions is discussed at length in Woods & Ostry - op. cit. Chapters 4 and 5. These authors have classified the functions of Labour Relations Boards on the following basis:

- I Functions relating to representational and collective bargaining rights.
- II Functions concerned with actual bargaining or negotiation.
- III Functions including specific clauses in agreements.
- IV Functions concerned with union government.
- V Functions including labour relations and the courts.

Delimitation of the Study of Industrial Relations
in the Chemical Industry

To attempt to deal with industrial relations or more specifically, labour management relations, in the Chemical Industry of Canada in the time allotted for this study would be quite impossible. For one thing, very little, if anything at all, has been written about labour-management relations in this industry. For another, a study in depth of the chemical industry of Canada would involve necessarily a study of a series of interrelated products and product markets. It is instructive to note that the DBS classification (S.I.C.) speaks of chemicals and chemical products.

I suppose that we could use the term "chemical industry" and make sense of it, if we restricted its application to what might be described as the "core" of the industry. This core is made up of companies producing industrial chemicals and primary plastics which are the components or building blocks for a multiplicity of finished or consumer products such as explosives, fertilizers, paints and varnish, soaps and toilet preparations, pharmaceuticals and medicines and so on. Of course many of the same companies producing the basic raw materials (industrial chemicals and primary plastics) are also engaged in the manufacturing or processing of the "consumer chemicals" including those referred to above, as well as others such as plastics fabrications.

To complicate the picture even further, there is a widening range of refined petroleum products - the petro-chemicals - which, depending on who is doing the defining, may or may not be included

in chemicals and chemical products.

The starting point of this study, even as a preliminary one, albeit / in-
volved making a number of decisions, firstly as to what segment
or segments of the industry to focus on and secondly, what should
be the scope, as well as breadth and depth, of the study to be
undertaken.

This writer took the decision and one could not avoid
being arbitrary, that petro-chemicals should be excluded and that
Canada would have to mean Ontario and Quebec, the two provinces
in which the chemical industry is highly concentrated in terms of
location of firms and volume and value of production. These two
provinces account for about 80% of the establishments and about 80 to
86% of employment. Much of the field work done and generalizations
made relate primarily to industrial chemicals and primary plastics,
although in the case of plastics, the study was extended to cover
plastic fabrications, so that at least one finished or consumer
chemical could be examined in some depth.

Research Plan and Field Work

As much data as possible of a general nature was collected
from primary sources, governmental and non-governmental. This was
used to provide in Chapter I a general background or picture of the
nature and development of the industry, its economic significance,
growth pattern, problems and achievements and so on.

On the specific concern of the study - the system of industrial relations in the industry, interviews were conducted with company and union officials as well as officials and spokesmen of interested governmental and non-governmental agencies.

On the employer side, it was decided to interview officials of the 9 principal producers of industrial chemicals and primary plastics, ranked in order of sales volume. These were:

1. Canadian Industries Ltd.
2. Dupont of Canada Ltd.
3. Union Carbide, Canada Ltd.
4. Canadian Chemical Co. - Division of
Chemcell (1963) Ltd.
5. Cyanamid of Canada Ltd.
6. Allied Chemical Ltd.
7. Dow Chemical of Canada Ltd.
8. Domtar Chemicals Ltd.
9. Shawinigan Chemicals Ltd.

Officials of all but the Dow Chemical Company were interviewed, along with two additional producers, Monsanto Canada Ltd. and Polymer Corporation - a crown corporation.

The main diversified companies overlap one another in part of their product lines, and this reflects the patterns of parent firms, which in the majority of cases are United States companies.

Interviews were arranged through the good offices of the Canadian Chemical Producers Association which represents and promotes the overall interests of the industry. Officers of the Association were also interviewed and provided invaluable background information about the industry.

On the trade union side it would likewise have been impossible within the time available to meet officials of the sizable number of unions involved in the industry. Many of the union leaders one would have liked to interview were not immediately available and in any event one had to appreciate that they had already given or were about to give interviews to other Task Force personnel engaged in other industry studies and special projects. Contacts were made with a number of union officials by telephone, while extensive interviews were held with Canadian Directors and officials of a number of Locals of two of the main unions involved in the industry - namely, the International Chemical Workers Union and the Oil, Chemical and Atomic Workers Union. Discussions were held also with the Director of Research of the United Steelworkers of America on several occasions.

Of about 44 collective agreements examined at the Ontario Department of Labour (classification 378 - Industrial Chemicals) union representation was as follows:

International Chemical Workers Union (AFL-CIO/CLC)	- 6 agreements
Oil, Chemical and Atomic Workers' Union (AFL-CIO/CLC)	- 5
District 50, United Mine Workers of America (Ind)	- 8
Canadian Union of Operating Engineers (Ind)	- 7
International Union of Operating Engineers (AFL-CIO/CLC)	- 3

United Steelworkers of America (AFL-CIO/CLC)	- 7 agreements
United Rubber, Cork, Linoleum and Plastic Workers of America (AFL-CIO/CLC)	- 3
UAW - International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (AFL-CIO/CLC)	- 1
Textile Workers' Union of America (AFL-CIO/CLC)	- 1
International Brotherhood of Pulp, Sulphite and Paper Mill Workers (AFL-CIO/CLC)	- 1
International United Plant Guard Workers of America	- 1
Sheet Metal Workers' International Assoc. (AFL-CIO/CLC)	- 1
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In an extended study, it would be necessary and desirable to interview officials of the other unions, including the U.M.W. District 50, which represent workers in the industry.

A more serious limitation is that no Quebec based union leaders were interviewed (C.N.T.U.) nor for that matter, were any of the officials based in Quebec who belong to any of the unions referred to above interviewed. Collective agreements covering a fair number of establishments in Quebec were, however, collected and examined.

Finally, the quantitative data made available could not be used meaningfully without being supplemented further. Data provided by the Federal Department of Labour, while very useful, related to firms employing 500 or more persons. Data available in collective agreements (e.g. wage rates) could be useful, but this would require careful examination, analysis and time to construct indices which would provide meaningful conclusions.

Environmental factors conditioning collective bargaining relationships

Earlier in this study, industrial relations was defined "to include that complex of private and public activities, operating in an environment, which is concerned with the allocation of rewards to employees (and to owners could be added) for their services" (or contributions?). The rewards we suggested are not only the material, but include also psychological and social rewards. The rewards or output and the distribution of it are not settled by the two main actors - labour and management to the exclusion of other interested parties. In addition to labour and management, the actors include government representing the society at large, and other quasi-public and private agencies. Each of the actors - and in our terms, these are largely institutional, have their goals and values (which help determine those goals), and attempt through the exercise of power as a functional relationship, to satisfy their goals and immediate needs. As we have seen, too, in their collective bargaining relationships labour and management suffer certain limitations which are imposed by environmental factors - environmental in the sense of being part of the social milieu within which they coexist. Some of the environmental factors are external to the enterprise while others are internal and largely within the control of the parties themselves.

Economic environment

The economic environment, and this relates to the general level of economic activity within the economy as well as within

specific markets (product, labour and money) within which individual firms operate, has not been a limiting factor on the two main parties in the chemical industry, insofar as the distribution of rewards are concerned. The Chemical Industry, and industrial chemicals and primary plastics in particular, is a high growth and high earnings industry. Since World War II the related product mixes have had healthy and excellent growth records and prospects. The growth median, as already indicated in Chapter I is much higher than the average for all manufacturing. The industry and subindustries are technically expert and sophisticated, and generally speaking, the level of skills of employees is correspondingly high. The industry is extremely automated and has a high rate of capital investment per worker (in excess of \$25,000).

From the point of view of collective bargaining, therefore, the trade unions are in a sphere of economic activity in which conditions are most favourable to wage increases*. For instance, in September, 1965, the average weekly wages and salaries in chemicals was reported at \$109.58, while the industrial composite for manufacturing was \$93.51. In October, 1965, the average hourly earnings in chemicals was \$2.33, while the industrial composite for manufacturing was \$2.15.

On the other hand, the employers consider that one of the major problems facing the industry is the low earnings/sales ratio. While prices have been lowered, manufacturing and other costs have gone up. The industry has contended that this limitation has hampered

* See page 11.

the financing of research and development. It is of course highly debatable whether the earnings/sales ratio is an appropriate index of profitability for collective bargaining purposes. The earnings/sales ratio is much more significant as an index of relative performance of firms within an industry or between industries. What is at issue between labour and management is not so much the levels of rewards, which in the case of chemicals is relatively high, but rather changes in the levels themselves.

The pattern of bargaining relationships in chemicals

The typical unit of bargaining in the chemicals and chemical products industry is the plant or single establishment. This is true whether the typology is multi-union-single company or multi-establishment-single union. Seemingly, it makes no difference whether a single company has a number of establishments not far removed from each other in one province.

What accounts for the persistence of local or plant bargaining in chemicals? On the trade union side, there are two major factors. One is the strong assertion of local autonomy in some of the international unions such as the I.C.W.U. and the O.C.A.W.U., and the other is union rivalry and fragmentation of representation. A third factor, of course, is employer resistance to coordinated bargaining.

Local Union Autonomy

The Canadian Director of the I.C.W.U. emphasized that he

had been trying for ten years to centralize bargaining for locals in the same industry, but had not been able to make headway against the strong tradition of local autonomy. The most practical technique available to the International is to become a party to each plant agreement, and to try and standardize claims and conditions of employment where possible.

This writer visited five Locals of the I.C.W.U. and the O.C.A.W.U. and a common picture emerged. The negotiating committee which may be synonymous with or has overlapping membership with the Ex-Committee of the Local, formulates the claim or demands to be submitted to management. Members of the union are invited to submit written suggestions, which in itself serves as a screening device. It is much easier to voice demands than to commit them to writing. The final claim is in every case submitted to the legal department of the International Union and this means routing it via the Canadian Director to the United States Head Office. The Committee Members of at least three Locals (ICWU and OCAWU), but particularly the I.C.W.U., voiced with pride that they seek advice only when they need it. In one particular case, the President of Local 536 of the ICWU(at Dupont's Maitland's works) stated that he communicates directly with the Research Department of the International in Akron, Ohio, thereby bypassing the Canadian Headquarters.

International unionism and local autonomy

It is dangerous to generalize from the experience of two or three of the major unions in the chemical industry, but the

dominance of the International Union in Canada itself appears to be a factor contributing to the measure of local autonomy in some unions. Certainly, it is a factor contributing to union militancy in some Locals. In one particular local, restiveness developed on the eve of negotiations held during 1966 as the rank and file felt that the Local was not functioning effectively. They threatened and actually began an "independence movement" which would lead to disengagement of the Local from the International and establish it as an independent Canadian union. The Local Executive insisted that the issue be handled without outside (i.e. International representatives) intervention. It was resolved when new officers were elected to the Executive as well as Bargaining and Grievance Committee and the Local adopted an extremely militant attitude in negotiations. Incidentally the leaders of the independence movement have been allowed to retain membership.

In certain areas in Ontario, Local officers have attempted to coordinate bargaining, but rival unionism has been a serious constraint. The president of Local 536 ICWU in Maitland attempted to coordinate claims and tactics with the UMW District 50 which represents workers at the CIL plant nearby in Kingston, but found that the UMWA felt itself precluded from cooperating on the grounds that it could not agree to coordinate tactics with International Unions which regarded it as fair game for raiding. It is of course possible for rationalization to take place in union structure where a single union, or for that matter a single Local deals with a number of employers

in interrelated product markets and yet coordinated bargaining remains a distant ideal.

This is the situation in Sarnia where four of five Locals of the OCAW merged into a composite Local No. 914. The fifth remains as Local 9-672, representing employees of Dow Chemicals, Sarnia. Previous to the merger, coordination was attempted through a Joint Area Council where Local officials and members met regularly to exchange information and discuss area problems. There was also some attempt to try and achieve common expiry dates for collective agreements so that the Locals could provide a measure of support and pressure for each other, and try to establish uniform union security provisions.

Union officials expressed the view, however, that a Master Agreement would be extremely difficult to achieve in view of the diversity of products made by the companies with which the Composite Local 914 bargains.

U.S. technique of coordinated bargaining

Interesting enough, the OCAWU has developed a technique in the oil industry in the United States, which may prove to be equally successful in Canada. In 1965 the OCAWU enunciated a national policy for bargaining in terms of conditions and objectives which it would seek to incorporate into a two-year contract. Each Local was then given the opportunity to opt for the national programme, and in so doing was deemed to have given a mandate to the District Director

to carry through the national programme. The vote for the national programme was regarded as tantamount to a strike vote, authorizing the District officers to settle for no less. Canada, incidentally, is treated as one of the nine districts into which the U.S., Puerto and Canada are divided. The Canadian District Council also acts as the National Council in Canada. The Canadian District is further divided into area councils, one for each Province with the exception of the Maritimes. Employer reaction to the OCAWU national bargaining policy was unfavourable.

Coordinated bargaining through cooperation
at the international (and national) union level.

Jurisdictional disputes among the trade unions in Canada and in the chemical industry in particular is quite acute. The ICWU with 15,000 members in Canada (11,000 in Ontario, 3,000 in Quebec, 1,000 in Alberta) regards the OCAWU as its chief competitor for worker allegiance and bargaining rights. The OCAWU has an estimated 14,000 members with the oil industry accounting for about 4,000, gas for 2,000 and petro-chemicals and chemicals for about 8,000. The OCAWU feels that between chemicals and petro-chemicals, there may be about 1500 plants in Canada, all of which are open for unionization by the OCAWU.

Product diversification on the part of large companies makes jurisdictional conflict almost inevitable. The development of synthetic fibres brought conflict for the textile unions. Plastics fabrication

impinged on glass workers - for plastic substitutes are fast displacing glass (e.g. bottles and other containers). Automobile companies are using an increasing amount of plastics to replace metal and are undertaking their own plastics fabrication. Refined petroleum products involve the application of chemical processes and raw materials so that the two industries are interrelated.

Coordination and merger proposals

After nearly two years of discussion, a number of the International Unions which have been experiencing acute jurisdictional problems were able to establish a formal link through a chemicals, petro-chemicals and synthetics committee, to try and coordinate their activities and to explore the possibilities of mergers or joint bargaining. The unions involved include the OCAWU, ICWU, Textile Workers Unions, Rubber Workers Union and Glass and Ceramic Workers Union.

The major obstacles standing in the way of coordinated bargaining are (1) different contract expiry dates (2) the constitutional limitations (labour relations is a matter within provincial jurisdiction and governed by provincial labour relations acts), (3) employer resistance, and (4) union rivalry.*

The National Federations - Caribbean Labour Congress and the CNTU as presently constituted are powerless to resolve jurisdictional disputes and must rely on persuasion. A committee of the CLC has been established to review its structure and at least indirectly can hardly

* Some success has been enjoyed by the ICWU. In 1963 the ICWU took the initiative in forming the John - Manville (Co.) Council to bring together locals of all the Unions involved for purposes of coordinated bargaining. A large CNTU local bolted in 1964. In another case 10 locals distributed among the ICWU, OCAWU, MM&TWU and the CLC in 1965 formed a Council to coordinate bargaining with Union Gas Co. in Ontario. The OCAWU, however, withdrew.

avoid looking at the structures of the constituent unions. International officers of the unions involved in chemicals have submitted briefs and have appeared before the CLC Committee on structure.

Until appropriate machinery has been established within the CLC or other national body, jurisdictional disputes are likely to increase with changing technology and product diversification. In my view, it is an aspect of unionization and job protection with which the public at large is likely to become increasingly impatient.

It should not be supposed, however, that there is not a measure of cooperation between rival unions. In formulating claims and negotiating settlements, trade union leaders consult with one another and keep informed. The imperative of leadership survival, if nothing else, makes this necessary.

Coordination - The Employer's Point of View

To the employer, jurisdictional disputes and rival unionism has a number of dangers. It may lead to competitive wage bidding among unions and to an increasing stress on union security clauses, such as maintenance of membership. This disadvantage is likely to be outweighed, however, by the benefits which employers feel accrue from wage structure flexibility. Employers stated without exception that the significant criterion for them in wage negotiations is the community or area or prevailing rate. A high rate in one particular area may be offset by a lower rate in another geographical area. They feel this reflects the reality of the Canadian economy, which is

divided into clearly defined regional sub-economies. Negotiating with a relatively large number of unions can, however, be time consuming and the obvious solution therefore is to permit decentralized bargaining at the plant level with some guidance and control from the centre. This is the usual practice.

Management Coordination - the Domtar Experiments

An interesting example of centralized control of collective bargaining is provided by Domtar. This company has about 2200 payroll workers spread over 26 plants throughout Canada in six Product Divisions. All the production workers have been unionized for a long time with the exception of 2 or 3 plants.

Domtar negotiates 150 collective agreements with 37 International and National Unions.* All negotiations are centralized in the head office and six full time negotiators (two of whom are former union officers) negotiate about eight agreements monthly. The negotiators, who include two lawyers, are divided equally into French speaking and English speaking. Claims submitted by unions to plant executives are forwarded by them with appropriate comments to head office.

The company would not be anxious to promote coordinated bargaining for wage purposes if this means single agreements covering

* Unions involved include ICWU, OCAWU, International Woodworkers of America, Carpenters and Joiners, United Steelworkers, Federal Locals of the C.L.C., the Unions of Operating Engineers, the Teamsters and Mine, Mill and Smelter Workers Union.

workers in a number of product markets or in the same product market. Domtar feels there are wage rates and structures appropriate to each industry and locality.

The company has, however, experimented over the past five years with Annual Conferences at which senior officials of the unions involved as well as of the Federations (CLC and CNTU) meet management officials with a view to promoting better understanding and mutual trust. Domtar has established a uniform pension plan for the entire company, but management complains that the costs to the company have not figured in the calculations made by the trade unions when assessing the cost of settlements. The company takes the view that it will be forced to be cautious about similar type of across-the-company proposals.

Another attempt at uniformity has been the Reciprocal Transfer Plan - under which it was proposed that an employee in a given union and plant could transfer to a plant where there is another union and apply for seniority on the basis of a formula, under which seniority would be calculated on the basis of one year's seniority for each five years of service. The agreement would be implemented only if ratified by the employees, (and the unions) but so far only 25% of the work force has ratified the plan.

Multi-employer bargaining and market structures

It is much easier to conceive of multi-employer bargaining where the market structure is oligopolistic - that is to say, where there are relatively few large producers, and where prices tend to be administered or fairly rigid. There are a number of advantages for both labour and management.

Determination of wage policy on a multi-employer basis (or industry wide basis) can effectively remove wages as a competitive element in cost. The avowed aim of trade unions have been to "take labour out of competition". For the employer there is the prospect of stability in costs through the application of uniform standards. Employers know where they stand on a vital element of cost in comparison with competitors in the industry or area.

Removal of labour cost as a competitive element (and this is particularly relevant where collective agreements are for a substantial period of time - say, from 3 to 5 years)^{*} can intensify market and product competition in other areas, e.g. administrative efficiency, quality control, distribution and worker productivity. There are other suggested advantages and we might list some of them: more mature bargaining relationships, greater awareness of the economic implications of wage settlements, reduction in the number of strikes, restraint on inflationary tendencies as general wage movements tend to be slower under multi-employer bargaining, and so on.

* Of 81 agreements analyzed between 1952 - 1966, 29 were of 11 - 13 months' duration, while 39 were of 26 - 38 months' duration. 9 fell in between.

The principal arguments raised against multi-employer bargaining include: Stultifying uniformity rather than equitable stabilization of labour costs; high cost structures preventing the entry of new firms; strikes may be fewer but more costly; wage rigidities may be intensified in a declining market; lack of flexibility on the part of the individual firm; on the union side - further weakening of decision-making authority on the part of the local union; insensitivity to consumer interests as bargaining takes place between two grants under organized bilateral monopoly.

The alleged advantages and disadvantages are debatable, to say the least. In the chemical industry, which is our immediate concern there is still room for medium sized firms. Moreover, in the consumer chemicals - there are a large number of small producers, and this might necessitate classification of firms and a differential wage structure. Finally, while employers might be able to reconcile self interest and conflict of interests through employer associations, it is unlikely that the unions involved in chemicals and chemical products, would be able to agree on spheres of influence so that multi-union representation could be minimized. What is at stake is institutional survival, no less for the trade union than for the small employer. For the union that can achieve it, however, and this is particularly true of the industrial union, multi-employer bargaining holds out the promise of greater security. The threat of the non-unionized sector is removed; although as we shall

below, non-unionized firms are pace setters in industrial chemicals and primary plastics. Finally, associational bargaining also reduces the possibilities for successful rival unionism.

The Pattern of Wage Settlements - Community or area rates

The single most significant factor which has emerged from discussions with unions and management is the importance of community or area rates in the Chemicals Industry. What this means is that many union-management negotiations are conducted within a framework of policies that are established or partly established outside of their industry. In Amherstburg, which is near to Windsor, Ontario, wage rates in the chemicals industry are influenced by the presence of the automobile industry. Production workers of the Allied Chemical Co. are represented by the UAW. In this situation the union may seek deliberately, as a matter of policy, to try and narrow inter-industry differentials. Equally important, of course, may be the influence of market relations. The concentration of industry in a given location may produce a tight labour market situation and an element of competitive bidding for the limited supply of skilled workers may emerge.

In Montreal, management also implied that wage rates paid by chemical firms were influenced by the concentrations of petro-chemical firms in Montreal East. In towns close to Toronto, e.g. Ajax, area rates appear to be significant. Ajax is relatively close to

Oshawa and Toronto.

Pace setting by non-unionized firms

Perhaps the most striking example of the influence of a community or area rate is found in Sarnia, where chemicals and petro-chemical activities are highly concentrated. The average weekly earnings are higher in Sarnia than anywhere else in the country and higher also than the average for manufacturing industry, generally. Established names in the chemicals and petro-chemicals appearing in Sarnia include (among others) Allied Chemical, Polymer Corporation, Dow Chemicals, Dupont of Canada, Cabot Carbon, and Imperial Oil.

The wage structure in chemicals is directly geared to petro-chemicals, and the pace setter or pattern setter, interestingly enough, is a non-unionized company, Imperial Oil Co. With the exception of one establishment in Western Canada, Imperial Oil has managed to stave off international and national unions by paying as good and often better wage rates than the unionized firms and industries with which it might be involved in wage comparisons. Among clerical employees the Company has not been averse to in-company staff associations, which are presumed to speak on behalf of employees.

In a number of negotiations in Sarnia, unions have made an attempt to achieve a union wage settlement which would establish a union rate, that is, a differential between the unionized rate and the non-unionized "adjusted rate", but in each case, adjustments have been made by Imperial Oil to establish leadership as the pace setter for the area. Companies like Polymer Corporation, whose hourly wage

rates have fallen below the area rate for some categories of employees by about .30¢ to .35¢ per hour consequently anticipate a union wage demand at least large enough to eliminate the hourly wage lag, and catch up with additional increases that might be conceded by the pace setters. The corporation does not, however, anticipate a strike. It seems obvious that companies which might wish to resist pressures for sizable increases would first of all have to persuade the oil companies to hold the line.

Members of the Executive of Local 9-672 (OCAWU) confessed that they were nonplussed when the Dow Chemical Company took the initiative to suggest reopening of their collective agreement, due to expire in April, 1968, to discuss wage adjustments. Under the collective agreement the Company had granted an across-the-board increase of .28¢ an hour for 1966, and .18¢ an hour for 1967, based on an automatic .12¢ per hour increase, with a possible .06¢ extra under a tacit escalator clause.

The Company, on the admission of union officials, seized the initiative by taking the position that it did not intend to fall behind the area rate and conceded an additional 6 cents per hour across-the-board. In effect, therefore, the increases granted amounted to .28¢ an hour for 1966 and .24¢ an hour for 1967.

A more likely explanation of the Company's action is that management felt it better strategy to take some of the steam out of the anticipated union demand for 1968 contract renegotiation by making an

interim adjustment. It would seem also that Dow may have received advanced notice of a projected adjustment to be made by Imperial Oil.

The policy of the Imperial Oil Company has been followed with some restraint by the Union Carbide Company, which has adopted the policy of matching rates paid, not necessarily by the highest paying firms in the areas or communities where it has located firms, but by keeping within the top quartile of highest paying firms. Union Carbide is not unionized in its chemical operations. Other policies aimed at the same result have included the establishment of uniform company wide pension and benefit plans.

Cost of Living

The other wage criterion stressed in wage negotiations, more so from the trade union side, is the cost-of-living or trend in rising prices - particularly in housing. This appears to be of greater concern to younger members of the labour force and to relatively younger union officials. It was cited as a factor which would be stressed in 1968 negotiations by nearly all officials of the Locals interviewed.

Impact of collective bargaining on wage structures

In Appendix p 73-75 is set out the results of analysis of the data supplied by the Canada Department of Labour in computerized schedules. This writer is not satisfied that the data supplied allows

for meaningful conclusions or inferences to be drawn. This aspect of the study will require much more detailed treatment and collection of additional data and this cannot be done at the present time.

IMPACT OF COLLECTIVE BARGAINING ON WAGE
STRUCTURES IN CHEMICALS

Data contained in computer schedules supplied by the Canada Department of Labour has been carefully analyzed. The major limitation is that it relates to firms employing 500 employees or more, so that a fairly sizable number of firms would be excluded.

The data and schedules discloses several things:

1. They show end of year basic wage rates beginning in 1953 and ending in 1969.
2. They show the increases in wages per hour which have occurred during each of these years, as estimated by taking a sample of 6 employees in each establishment in the industry.
3. They show the total number of employees in each wage category from \$0.00 up to \$2.59 per hour.
4. They disclose the range of wages in the industry as running from a low of between \$1.20 - \$1.29 up to between \$2.50 and \$2.59.
5. They show the modal wage per hour for all workers in the industry as lying between \$1.80 and \$1.89 for the entire period 1953-69.
6. They show also that the modal wage has been increasing fairly steadily upwards over the period with significant jumps between (a) 1957 and 1958 (from an initial basic rate of \$1.60 - \$1.69 to \$1.80 - \$1.89 and (b) 1962-63 (from an initial basic of \$1.90 - \$1.99 to \$2.10 - \$2.19).

7. They show that the distribution of wages for pretty nearly all years is uni-modal, which suggests that a single modal value would be representative of all workers in the group. This would suggest that there is not a two cluster wage structure, high wage and low wage groups, within the industry or segments to which the data relates. Obviously, some consumer chemicals such as plastics, where firms are characteristically small in terms of number of employees, would not be covered by the data collected.

8. The data discloses that the typical annual increase in basic wage rates over the period 1953-68 was of the order of .05¢ per hour. Examination of individual collective agreements certainly suggest much more substantial increases in recent years of .15¢ to .20¢ per hour each year over two year periods.

9. The data also shows, however, that the modal increase over the entire period was zero cents.

10. They show that most workers (approximately 56%) over the entire period got less than 6 cents increase on their basic wage and that only 21.4% received increases of .10¢ per hour and more.

11. The year to year distribution of increases tends to be multi-modal unlike the distribution of basic end-of-year wages. (See (7) above). In particular, for the years 1955, 1956, 1959 and 1962, the typical increases in basic wage rates during the year were as follow. (See astericks).

<u>YEARS</u>	<u>TYPICAL INCREASES</u>							
	\$0.00	\$0.04	\$0.05	\$0.06	\$0.07	\$0.08	\$0.09	\$0.10
1955		*						*
1956	*				*			
1959				*			*	
1962		*	*					

12. They show, in addition, that for the years 1962, 1965, 1967 and 1968 more than 25% of the workers received (or were anticipated to receive) no increases in basic wages.

A study of collective agreements, certainly from 1965-68 raise serious questions about the representativeness or completeness of the data collected. Alternatively, the basis of analysis of the schedules and transposition of data may be faulty.

ATTITUDES TO BARGAINING AND THE TENOR OF LABOUR-MANAGEMENT RELATIONS

The important issues in bargaining

In addition to wages, other major issues of importance appear to be shift premiums, safety and health, seniority, technological displacement and retraining programmes. There is of course always concern over fringe benefits.

Continuous operations are characteristic of chemical processes and shift premiums would understandably be an important item of consideration. The nature of the raw materials being used and produced would also explain the concern with safety and health. With rising popular agitation about pollution and health hazards, there is the possibility that trade unions may place more stress on safety and health, but it is likely to be used more as an item for bargaining than as an issue of principle.

Technological displacement

Automation and resulting displacement of labour has not so far been a very serious issue in collective bargaining. Chemicals is a highly capital intensive industry with a high investment per worker and there has been a steady trend towards automatic and automated processes. The industry, however, has been expanding so rapidly and creating new jobs so that it has been possible to reabsorb workers and recruit new ones. A policy of attrition rather than displacement has been followed too. Where problems have arisen, as with the Polymer Corporation, the real issue has not been displacement per se but its impact on the bargaining unit.

Pending arbitration has been a grievance over reduction in the number of fire fighters from 18 to 9. The specialist corps has

been reduced and operating personnel involved on a kind of reserve basis. The union was given 10 months notice of the reorganization, served notice that it would protest, and filed a grievance when the change was effected. It is challenging the right of management to reduce specialist staff and reassign work in an area where security is important. Management complained that the Union went outside the Grievance procedure by raising the issue of safety with the Sarnia Municipality.

Another factor is that many chemical operations began highly automated in the first instance so that the displacement was never an issue. Also significant is the fact that expansion, as in Sarnia, has been carried out by existing firms rather than new firms entering the industry. Automation is not likely therefore to become a thorny issue in the immediate future in collective bargaining relationships, although it could become more important if extensive rationalisation were to take place in the industry involving the integration of industrial chemicals and primary plastics with related consumer or finished chemical products.

Even then the indications are that expanded company retraining programmes, supported by state Manpower schemes would go a long way towards mitigating the more harmful effects.

Union seniority

A number of large chemical producers appear to have succeeded in averting unionization of many of their plants. A few like Union Carbide have almost a negligible amount of employees unionized. With the degree of union rivalry in the industry, it is to be expected that union security would be an important consideration for the trade

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unions. Relatively few of the union officials interviewed felt, however, that strike action could be used to enforce the union shop and/or the Rand Formula (compulsory check-off of dues for all employees in the bargaining unit), especially if the company is strongly opposed on principle. One such company is Dupont of Canada which is adamant in its opposition to the Union Shop and Compulsory Check-off. The Company has been amenable, however, to the voluntary irrevocable dues check-off. Voluntary, in that a written authorization from the worker is required - irrevocable to the extent that the authorization is effective for the life of the agreement.

Collective agreements examined show that a variety of union security provisions exist. There may be no Union Shop, but maintenance of membership is required of existing members plus dues check-off (Polymer Corporation). There is maintenance of membership and of dues for existing union members and compulsory check-off (though not membership) for new employees. (Dow Chemicals). Maintenance of membership coupled with the voluntary but irrevocable dues check-off is found in some agreements. (Allied Chemical). Domtar shows variations in different agreements entered into with the same union. Both the OCAWU and ICWU have secured in some divisions of Domtar voluntary irrevocable dues check-off while in others they have obtained voluntary and irrevocable dues checked off linked to maintenance of membership for existing union members and compulsory check-off (though not membership) as a condition of employment for new employees who have completed their probationary period. Other

agreements concede the Union Shop in addition to the combinations referred to above. In no case, did union officials interviewed suggest that they would seek the closed shop as a matter of priority and a number explicitly disclaimed any intention of seeking the closed shop.

Unionization, seemingly, has made little headway among clerical employees in the industry generally, although the principle and practice has been conceded by some companies.

The Tenor of Labour-Management Relations

Work stoppages and grievances

The number of work stoppages in the chemical industry has not been significant. In 1964 there were seven strikes and lockouts involving 1199 workers and 6,990 man-days lost. This compares with a total for all manufacturing of 161 strikes and lockouts in existence during the year, involving 63,689 workers and 1, 190,810 man-days lost.

For 1965 the figures were seven work stoppages involving 1,326 workers and 12,250 man-days lost in chemicals, while the corresponding figures for all manufacturing were 244 work stoppages in existence - 97,017 workers and 1,470,770 man-days lost.*

Causes of the strikes as reported were wage and fringe benefits, work scheduling, reduction of work force on specific tasks, disciplinary issues, union security, and in one particular case, union certification.

* Figures for 1966 and 1967 as far as can be gathered do not indicate any significant variation in trend.

Analysis of Grievances

No attempt has been made to measure grievances quantitatively. Of the companies interviewed, three in particular reported that they had a relatively large number of grievances. These were Polymer Corporation, Allied Chemicals and Shawinigan Chemicals. The issues in dispute involved mainly assignment of work, work overload, overtime payments and to a lesser extent suspensions and dismissals. In each case there was the admission that management was inclined to take a strict or legalistic approach to administration of the contract, linked as already suggested to emphasis on management rights. In one case, the Polymer Corporation, the admission was made that the union had not been used in the past as a medium of communication and that a reassignment of personnel had taken place to try and introduce a more positive conception of the role of the union in the plant. Arbitrations appear also to be relatively few and here again the issues have been predominantly work assignment and disciplinary cases. No detailed analysis of cases will be attempted at this time. The system of arbitration will be discussed in the section which follows, entitled "Third Party Intervention".

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ATTITUDES OF THE PARTIES IN BARGAINING
RELATIONSHIPS

Union Attitudes

This writer has been struck by the awareness shown by union officials engaged in negotiations of the importance of power or the threat of economic sanctions in effecting settlements. As one official put it, the usual arguments - cost of living, wage comparisons, ability to pay and productivity - have been worn threadbare and make little impression on management. The most significant factor appears to be the state of the economy and of the industry, in particular. Younger officials in the unions apparently feel that rational argument merely represents part of the preliminary skirmish and that in the final analysis they must be prepared to take the strike vote and get tough. This firmer attitude on the part of younger union officials has been confirmed by management officials.

All the union officials interviewed felt that unions were accepted by management as necessary evils and that the general approach by management to contract administration reflected a preoccupation with management rights. It is evident in the strict interpretations of the collective agreements and of grievances by management.

Union officials of Locals interviewed conceded as a matter of confidence that they would be asking no less in 1968 negotiations than was sought in 1966. This would suggest for the larger producers, wage increases of .40¢ or more spread over two years. Union officials

also conceded that management might attempt to hold the line but that the rising cost of living and of housing, in particular, would be stressed. A number of union officials also admitted that, if necessary, there would be a tactical shift to substantial improvements in fringe benefits, as an alternative to maximum possible wage increases.

Management attitudes

No resistance to trade unionism, in principle, was voiced by management officials, but reference was made repeatedly to the residual theory of managerial authority. Management officials conceded also that they adopted a strict or legalistic approach to grievances and the processing of grievances, and that this was consistent with preserving managerial authority.

The St. Lawrence Seaway wage settlement (30% increase) came too late in 1966 to influence renegotiations which took place early in 1966. Pressures were already building up in some areas, notably Montreal, to support relatively larger than usual wage claims. In Montreal the construction boom initiated by the erection of Expo pavillions led to substantial wage increases. In larger companies in Ontario, increases ranged from .40¢ to .42¢ per hour spread over two years, while in Quebec increases ranged from .22¢ to .39¢ per hour over two years. Incidentally, in British Columbia, increases were of the order of .20¢ per hour for each of two years - following guides suggested by the government of Premier

* To express a trend in percentage terms would involve constructing and comparing indices over a selected period of time based on a selected sample of companies. This has not been possible as collective agreements could be obtained in most cases for recent years (1964 - 1969).

Bennett. Managements do not expect any tapering off in union wage demands for 1968, but few, at the same time, anticipated being struck. The inference appears to be that with the trend towards rising prices continuing, firms may be inclined to meet union demands provided adjustments can be made in prices.

Company officials confirm that from management's point of view, a new note of unreasonableness is evident among union officials, and one factor appears to be the younger age of Local officers and negotiators. The argument is that established leaders are giving way to younger types who are better educated, but are at the same time more responsive to rank and file sentiments, because they have yet to establish themselves. The result is impatience and militancy. For younger leaders the future will not wait.*

A number of company officials inferred, however, that the attitudes of unions have not changed but tactics might. The pre-occupation with wages certainly has not changed, and issues such as automation, safety and health, and the like, are not really matters of grave concern to the unions, but rather items to be used in bargaining for wages.

* The first I.C.W.U. Collective Bargaining Conference held in Washington, D.C., Nov. 29 - Dec. 1965 carried the motto - "The Future Won't Wait".

Note also. "One of the most encouraging factors in the present scene is the emergence of a number of younger, more sophisticated and educated leaders of the trade unions themselves. They are aware of the problems facing them, are unafraid to try new solutions for them." Trade Unions and Collective Bargaining in an Automated Society by Aubrey E. Golden, Barrister-at-law, Toronto, Ontario.

Quality of Union Leadership

Union officials interviewed at the local level appeared relatively young both in age and union experience. Company officials indicated that the educational standards of younger leadership were higher but that at the same time this was matched by increased militancy. In discussing wage criteria with union negotiators, this writer was left with the impression that there is a surprising lack of sophistication in the application and analysis of these criteria. Younger officials appear to be more concerned, as already indicated, with the power relations and direct action.

This writer has also formed the impression that the local unions do not utilize available research facilities and research personnel as fully as might be expected. In any event, with the exception of a few international unions and the United Steelworkers as a notable exception, very little research work is undertaken in Canada. Where assistance is required, it is sought from research officers at union headquarters in the United States. The role of staff officers in the trade unions in Canada is a subject which would make an interesting research project. Indeed, this writer gained the impression that union leadership which reflects any "intellectual tinge" may be suspect. Officials in at least three locals took the position that the Canadian educational system contains a strong anti-union bias. Leaders and staff officers of the union to the extent that they are exposed to academic training, can be expected to absorb economic

training and philosophy which is "liberal" and anti-union in outlook. Officials pointed out that there is a strong possibility that the academically trained union official or staff officer would end up accepting a managerial post - more than likely as a personnel or industrial relations officer.

Officials complained that the avenues of service and opportunity are severely limited for union leaders in Canada. Not many are invited to serve in public administration, the foreign service, statutory corporations and non-governmental agencies. In other professions there is a good deal of mobility and cross fertilization of professions.

The career of the union leader threatens to be a closed one.

There is of course a measure of both in the allegations. In economic theory it has been difficult to fit trade unions into traditional analysis, and the collective bargaining theory of wages is distasteful to many economists. It lacks the precision which a theory such as the marginal productivity theory offers for wage determination.

However, the ambivalence of trade unions on the role of staff officers is well known. Staff officers, to be truly effective as leaders, must necessarily become involved in union politics and administration, while the reaction of the trade union leaders to such a development is that "they should keep out of politics". Increasingly, however, research staff are becoming involved in negotiations.

Perhaps serious thought should be given to the establishment of a Ruskin type College in a Canadian University where academic training might be given by professional teachers and qualified labour leaders, who would be philosophically committed to the labour movement.

THIRD PARTY INTERVENTION - CONCILIATION OFFICERS BOARDS AND ARBITRATION BOARDS

Union officials at the local level are highly critical of the quality of conciliation officers and arbitrators. The allegation is made that conciliation officers do not seem to have sufficient expertise in what is a highly specialized area.

As to arbitrators, the criticism is directed at ad hoc arbitrators, the quality of whose awards may be highly irregular. The inference appears to be that a panel of permanent arbitrators, skilled in labour relations, might be a distinct improvement. This is an idea which should be explored quite seriously.

Would not a permanent panel of skilled arbitrators make compulsory arbitration of contract disputes (or wage disputes) administratively feasible and philosophically palatable? Trade union leaders and employers have all reacted negatively, although a number of company officials emphasized that compulsory arbitration can no longer be ruled out as an invalid premise.

The arguments for and against compulsory arbitration are well known and will not be discussed here.

The legal and institutional framework

No attempt has been made to examine in detail the functioning of the conciliation system, including the role and functions of conciliation officers, conciliation boards, and labour relations boards. Extensive studies have already been undertaken in these areas. Essentially, it involves assessing the impact of the political and legal systems on collectively bargaining.*

* § e.g. Woods and Ostry - op. cit.
Crispo, J. - International Unionism, McGraw Hill.

The attitudes of labour and management tend to be essentially pragmatic, and therefore not always pragmatic. Union leaders and company officials are alike divided on the effect and desirability of a two-stage compulsory conciliation system - the limitations placed on the right to strike in interest disputes and the effectiveness of the system of arbitration, compulsory and otherwise. Sydney and Beatrice Webb writing in 1920 said in one of their monumental works - "There is no magic in the fiat of the arbitrator as a remedy for strikes and lockout. If either party really prefers fighting, there will be no submission to arbitration - if both parties are willing to bargain, and are sufficiently well organized, and well educated to be capable of it, no outside intervention will be needed."^{*9} What the Webbs were in fact implying was that the relationship of arbitration to collective bargaining was analogous to that of the chess player who contemplates a number of alternative plays and seeks to assess the consequences of boldly forcing the pace of play. The parties would, therefore, go to arbitration if they thought that they could better achieve a satisfactory settlement through his medium than through the alternative courses of action which might be available to them. The point I am trying to make is that in the Canadian context, the attitudes of labour and management as the main actors on the collective bargaining scheme, are conditioned

^{*9} Sydney and Beatrice Webb, Industrial Democracy, 2nd edition, London, 1920 pp. 239-240.

enlightened self interest.

The reaction of management, generally speaking, is that the system works as well as may be expected although there appears to be an inescapable element of delay. Management concedes that there are occasions when it suits them to protract not only negotiations but conciliation proceedings. The allegation that management does not begin to bargain in good faith until the compulsory conciliation proceedings have been exhausted and the union invokes the threat of economic sanctions may likewise be made by management against the unions.

On the trade union side, however, union officials at the Local level expressed strong disenchantment with the two-stage conciliation. The consensus was that it gives rise to dilatory tactics on the part of management and merely postpones collective bargaining.

Data available from Canada Labour Dept. sources from 1953 to the present has been examined. For instance, in 1960 83.9% of the settlements were effected at the bargaining stage while 11.1% involved conciliation boards. In 1961 the agreements reached at first stage bargaining declined to 55.4% while the conciliation board stage increased to 44.6%. In 1962 stage of settlement was divided equally between direct bargaining and conciliation boards. In 1963 third party intervention again declined, and recourse was had to strike action for the first time since 1954. The percentages

were 65.5% stage 1 and 34.5% stage 7 (strike).

Between 1964-66 settlements at the bargaining stage declined substantially, (22%, 42% and 28.2% respectively) while the conciliation officer stage (stage²) increased dramatically in 1965. (57.8% as against 33% in 1959). If the data is to be taken at face value, it shows unequivocally that the conciliation officer stage has been almost completely bypassed in the chemicals industry. The year 1966, which was characterized by labour unrest showed a very marked increase in the number of disputes settled at the strike stage (stage 7: 15.7%)

Since 1967 the picture revealed is as follows:

Stage 1 - Bargaining	50.5%
2 - Conciliation Officer	7.5%
3 - Conciliation Board	31.5%
4 - Post Conciliation Bargains	4.8%
5 - Arbitration	-
6 - Post Arbitration bargains	-
7 - Strike	6.1%
8 - Post Strike	-
9 - Other	-

It seems difficult to believe what the figures suggest, i.e. that stage 2 - the conciliation stage could well have been abolished for

- 6 -

the chemicals industry.

In four years only, strike action has been a significant catalyst in effecting settlements. These are 1953 - 15.6%;
*
1963 - 34.5%; 1966 - 15.7% and since 1967 - 6.1%. It will be necessary in the expanded study of the chemicals industry to compare the cause and effect of strikes in 1953, 1963 and 1966.

Labour Unrest 1966

Table I below shows strikes and lockouts in Canada for the years 1961 to 1966 inclusive:

TABLE I

	<u>Strikes beginning in month or year</u>	<u>Strikes or Lockouts</u>	<u>Workers Involved</u>	<u>Man days Lost</u>	<u>Percent of esti- mated work- ing time</u>
1961	272	282	97,959	1,335,080	0.11
1962	290	311	74,332	1,417,900	0.11
1963	318	332	83,428	917,410	0.07
1964	327	343	100,535	1,580,550	0.11
1965	478	501	171,870	2,349,870	0.17
1966	590	624	411,482	5,071,170	0.33

The increase in the number of strikes and lockouts, workers involved, and man days lost, in 1966 is quite remarkable when compared with the 5 previous years. The causes of the labour unrest in 1966 is still a matter of speculation. On both management and union side, a variety of explanations have been offered. These include: - the "generation gap" in the labour force between older and younger workers between older trade union leaders and then rank and file. The view has been

* 1963 may have been a bad year for strikes in chemicals (34.5% of collectives reported, involved strike action) but not for the economy as a whole. See Table above.

put forward, more by the management side, that a younger generation has become accustomed to increasing affluence and have geared consumption patterns to rising incomes and expanding credit. They are not prepared to accept curtailment of accustomed living standards and when faced by rising prices, inflationary pressures and tight money policies, felt themselves threatened economically. They were therefore determined to maintain purchasing power and prepared to strike to back up demands.

It is also alleged that younger members of the unions became impatient with the conservatism and complacency of older trade union leaders, who feel that things were never better especially when compared with the depression days. At the level of local union leadership, the impact of rising prices was stressed also. Along with the economic pinch came the realization that in a buoyant economy, the strike weapon could be effective as employers would be prepared to settle. The unions should press their advantage home when they have it. It is only by taking advantage of good years that one can weather the lean years. Union leadership at the International level expressed the view that labour unrest was but a manifestation of a general malaise or restiveness in Canada society. It is seen in the alienation of some of the younger age groups in the population, in the anti-war protests, civil rights movements, a general disenchantment with the "establishment" or ruling groups in society.

It may be, of course, that all the factors mentioned are significant. This writer is inclined to the view that the general malaise particularly where it takes the form of challenge to established law and order represents a reaction to the welfare state. The welfare state, that is to say, a state which attempts to guarantee minimum living standards to its citizens has been accepted so far because:

1. it evolved through the political processes and was not imposed.
2. it has brought increasingly higher living standards and economic security.
3. in the face of the uncertainties caused by a major war, World War I, and a continuing cold war, security has come to be highly prized.
4. largely again because of wartime experiences, people have become accustomed to regulation. In the economic sphere, the competitive model has given way to the regulated economy.
5. it has brought in one sense greater freedom and equality of opportunity. Material and social limitations - of poverty, of class and privilege, have been broken and replaced by impersonal rules defined by legislative and collective agreements. The state may regulate education but it provides free secondary education for all and increasingly higher educational opportunities are being divorced from wealth and privilege.

In conclusion, therefore, it may be that labour unrest in 1966 was in truth a sociological rather than an economic phenomenon - a reflection of general unrest rather than the consequence of power conflicts caused by divergence of goals and objectives on the part of the actors in the industrial relations systems of the country.

- 6 -

PROSPECTS FOR THE FUTURE IN LABOUR-MANAGEMENT RELATIONS

There are elements of incompatibility in the underlying premises on which the existing systems of industrial relations are based. As indicated earlier, governments representing the public at large have developed their own substantive goals for collective bargaining. The goal of social and economic justice involves a set of policies which may conflict. Full employment can and does often conflict with the objective of stable prices and an equitable distribution of income. Do the procedures and the mechanism used in collective bargaining to distribute the allocation of rewards still presuppose bi-lateral determination of the rewards available? Can management still maintain ^{that} disclosure of consolidated or company balance sheets, and profit and loss statements with appropriate explanations is an encroachment on property rights and inimical to the competitive enterprise system?

The fact of the matter is that most firms, whether private or public, have a fairly accurate picture of their competitors' performance.

Trade union negotiators, certainly at the level of the plant, begin with a presupposition of ignorance. It seems to me that on the union side a greater degree of professionalism will be necessary to raise the tone of collective bargaining. "Professionalism", not in the sense of greater skill in negotiating itself, but in understanding basic conventional accounting and management concepts. One should at least know that dividends and bonus shares represent ^{as also} their relationships to profits and to the rate of return on capital.

If this awareness is found on the part of union negotiators, management can have no justification for refusing to provide sufficient data to enable intelligent discussion to take place.

This writer has been involved in a number of Commissions of Inquiry, one of the main recommendations of which has been the prescribing of an appropriate statements of accounts - profit and loss and balance sheet for collective bargaining purposes. These are privately owned and operated companies. There still will be disagreement over the sharing of the pie, but a good deal of suspicions would have been eliminated. Disagreement would be focussed on the interpretation of data, the authenticity of which need not be questioned.

Summary of findings

The system of industrial relations in the chemical industry does not appear to present any special or unique characteristics not duplicated in some other industry. The economic system and environment has been the least restrictive in impact on the parties in the determination or allocation of rewards, which is the primary function of an industrial relations system.

A favourable economic environment, expanding markets, high capital content or technologically oriented production processes, corresponding low labour content, interrelatedness with other buoyant and capital intensive operations such as petro-chemicals, and relatively skilled occupational categories have all helped to create a climate in which employees can enjoy relatively high levels of rewards. The trade unions in these circumstances are probably able to achieve changes in the levels of rewards more easily than would be the case in other industries.

What is perhaps surprising is that the industry is not more extensively organized for collective bargaining purposes. A number of fairly large companies have been able to avoid collective wage determinations but for small pockets of employees in some plants. This has been possible because the companies have been willing to pay wages which are at least/^{as high}and even higher than that obtained through collective bargaining. It is highly dubious therefore whether the cost push theory of inflation could be maintained for the chemical industry and that an inflationary bias could be attributed to collective bargaining, unless of course, the wage levels paid by non-unionized pacesetters are attributed to the union. In the unionized sector the distributive impact of collective bargaining is difficult to assess. There are a number of product markets within the chemicals industry and wage structures and differentials would have to be examined in each market. Community or area and industry rates appear to be key wage criteria in collective bargaining. In some cases the presence of a particular industry is important (automobiles and petro-chemicals) while in others the area in general may be a relatively high wage area (Toronto).

At the institutional level, the typology of bargaining is typically/^{that}part of the single union-single establishment. Bargaining tends to be localized in terms of wages even though negotiations may be conducted from the centre or guided by head office officials.

Multi-employer bargaining is not a likely development in the near future. Appropriate machinery exists at the employer level in the form of the Canadian Chemical Producers Association but it is not

being used to provide associational bargaining. More feasible might be single employer-multi-union bargaining on a wider scale. On the trade union side, there is a multiplicity of unions and multi-union single employer bargaining, is well established. This is accepted by employers as legitimate, in view of the diversity of products produced and the geographical and locational differences in markets, within the Canadian economy. For the unions, union rivalry is an acute problem and is likely to be intensified. A recognition of this problem has led to attempts to coordinate efforts and policies but the imperatives of institutional survival makes this a slow process and progress will probably be piecemeal.

Jurisdictional disputes, which tend to be viewed by the public at large as restrictive practices inimical to efficiency are likely to be received with increasing impatience, if not hostility. A mitigating factor is that the restrictive character of some of the liberal professions particularly law and medicine are now being recognized for what they are. It illustrates that the search for security is a universal human need.

The legal framework of collective bargaining has its limitations, but employers see less need for change and reform. On the trade union side, the approach appears to be pragmatic. At the present moment efficacy of collective power has been recognized by younger trade union leaders and there is therefore impatience with the compulsory conciliation system and the limitations on the right to strike.

Union criticisms have also been levelled at the quality of the personnel used to staff conciliation services and boards. This

criticism extends to arbitrators and in this latter case, the argument is that ad hoc arbitrators are merely supplementing their income and need not be concerned about the implications or lasting effects of their decisions. What is needed is a class of professional arbitrators, who depend exclusively on this function as their source of livelihood. This, it is thought, would lead to expertise and high quality rewards. Interestingly enough, a former vice-chairman of the Ontario Labour Relations Board has recently resigned to become a professional arbitrator and his career will be watched with interest.

The trade union movement is in a sense caught in a dilemma. At the national level it espouses policies which are designed to benefit wage-earners as a sectional interest, but at the same time these policies such as full employment, minimum guarantees of income and social security have implications which transcend sectional interests. To the extent that trade union leaders are encouraged to act responsibly and as labour statesmen, they lose a measure of their representativeness as leaders of a segment of the population. By philosophy and practice, the trade union movement is trying to transform the working class, so called, into the middle class, or at least to change their status in the social hierarchy. At the same time, however, trade union leaders and specialists who served the trade unions are viewed as possible deserters of the labour cause.

One solution may be the establishment of institutions which are capable of providing programmes of training, of high vocational and academic quality, while at the same time espousing a philosophical orientation which would be acceptable to the labour movement.

PLASTICS AS A SUB-INDUSTRY WITHIN THE CHEMICAL INDUSTRY

We saw in Chapter I that the Chemical Industry is really a conglomeration of related products and product systems and that product creation and diversification are taking place so rapidly that it is difficult to know where the industry begins and where it ends. A similar blurring and crossing of product boundary lines is likewise evident within the particular segments or product groupings which comprise the general complex. For instance, there are those who regard plastics as being more intimately linked with, if not a part of, petro-chemicals, rather than as a separate segment of the chemicals industry.

The Society of the Plastics Industry of Canada, a voluntary non-profit organization which represents the interests of producers and/or manufacturers of plastic products, includes everyone who makes, processes or even deals in any way with a broad family of chemical compounds and mixtures, principally giant molecules or polymers.

For analytical purposes, it is, however, possible to define the industry in more specific terms, by breaking it up into distinctive, though interrelated facets of production and operation. We can distinguish

- (1) The chemical manufacture of monomers and their subsequent polymerization - the giant molecule building industry, and
- (2) The substitute or synthetic industry - which involves the replacement of traditional materials with high polymers by plastics.

(1) Production of Plastic Compounds with Polymers

This first and basic type of plastics activity is, by its very nature, chemically oriented. Its main concern is the manufacture by chemical and

physical processes, of materials which are plastic or are intended to become plastic after further processing. In other words, one has to start with chemical constituents.

The manufacture of polymers as the basic raw material has been growing in volume and complexity and this trend is likely to continue.

(2) Substitutes or Synthetics

This second facet of the industry is as old as the first, but has become increasingly significant, and in the process distinctive, as the trend towards material substitution has accelerated. At the outset, the use of plastics as a substitute, usually for a natural or basic material, was not notably successful. Many plastic materials proved to be inferior to the substituted material, so that the consuming public came to equate "synthetic" or "substitute" with something "bad" and "inferior" in performance and utility.

The use of synthetic or material substitutes is now widespread, however, and it holds out the prospect of new and profitable product markets for those in the industry. In fact, in the face of the rapid expansion of synthetics or material substitutes, some industry spokesmen have predicted that a third facet or feature of the industry will emerge. It relates, not so much to the nature of the products created, but rather to the structure of the industry at the level of production and distribution. The plastics industry of the future is conceived of - not as a mere extension of the chemical industry, bridging the gap between it and the product producer - but as an integral part of industry in a much broader sense. Instead of plastic manufacturers there will be product manufacturers who use plastics as one of their essential materials. Polymers will be treated

as important economic substance or material, to be used in highly complex yet integrated conglomerate product market industries which already are beginning to emerge. The implication appears to be that there will be a shift to large scale enterprises with increasing concentration of capital and ownership. Available data clearly indicates that the industry has been experiencing a rapid growth both in volume and value of production.

<u>Plastic fabricators</u>	1955	1960	1961	1962	1965	1966
Establishments (Number)	170	249	278	293		
Employees (")	4379	6293	7552	8116		
Value added (\$MM)	24	41	50	60		
Value of shipments (\$MM)	49	88	109	129		

In 1965 the apparent domestic/^{market}for plastic products was valued at about \$250.7 million. With technological progress, it appears likely that plastics will become increasingly more important as a substitute material over a wider range of products, with the possibility of lower production costs. The automobile industry is a case in point. It is estimated that in 1966 each automobile manufactured in North America contained about 57 lbs. of plastic materials. The figure for 1967 was put at about 70 lbs. while the projection for 1970 is about 100 lbs. per automobile.

The Structure of the Plastics Industry

Structurally, the plastics industry can be divided into two segments. First of all, there are the producers of the basic raw materials as, for example, the basic resins, which in turn are used by the processors or fabricators to make the finished plastic products. This segment of the industry, engaged in producing the basic raw materials or chemical constituents for plastics, is dominated by relatively large chemical firms, and may be

characterized as the high wage and high earnings sector of the plastics industry. Included are such large chemical companies as C.I.L., Domtar, Dupont, Polymer Corporation, Shawinigan Chemicals and Union Carbide. A number of the larger chemical producers are also engaged in the processing or fabrication of plastic products, but these tend to be relatively small scale operations vis-a-vis their other activities.

At the other end of the plastics spectrum are the processors and fabricators who are engaged in the manufacture of plastic products and materials. This segment of the industry is dominated by a large number of small operators and may be characterized as the low earnings sector. Not only are wage rates and earnings low relative to the national manufacturing average, but there tends to be high rates of labour turnover, seasonality of employment, and relatively weak or unstable unionism. It should be noted at this point that the picture is not markedly different where we find large chemical producers or producers of the raw materials engaged in fabricating plastic products. While within the plastics industry itself there is a low earnings sector and a high earnings sector, the industry as a whole may be described as the low earnings sector of the chemical industry, generally speaking.

Estimates of the total number of processors and fabricators of plastics products vary. The Society of Plastics Industry of Canada currently reports a membership of 165 companies and sixty-five individual members. There may be as much as another 300 fabricators - typically small in size (measured by employees and number of machines) who are active in processing but are not members of the S.P.I. of Canada. It's fair to say, however, that the membership of the S.P.I. would include the larger producers both of raw materials and of plastic products - so that in terms of volume and value of production of the industry - the S.P.I. would represent the most significant portion of the industry.

On the basis both of number of firms and volume of output, the plastics industry is heavily concentrated in two provinces - Ontario and Quebec, both of which probably account jointly for 80 to 90% of the firms and output of the industry. Probably 50% of the total number of firms in the industry is located in Ontario alone.

In 1967 the S.P.I. carried out a labour survey among plastics processing companies, and data relating to the size of plants, measured by number of employees as well as numbers and kinds of machines is shown in Table I on next page.

Referring to Table I, 63 companies representing close to 40% of the sample drawn from two regions responded to the questionnaire. From region 1 - (Quebec and Eastern Canada), 14 firms replied, all from the province of Quebec, while 49 responded from region 2 - (Ontario and the West), with all but 6 of the firms being located in Ontario. The 63 firms reported a total employment of 3648 persons. Of the 63, 9 firms had less than 10 employees each, 32 had from 10 to 50 employees, 11 had from 50 to 100 employees and 11 had

TABLE I

REGION	No. Comp's Report'g	Total Emp's	PLANT SIZE By employees					NUMBER OF MACHINES					HOURS WORKED		
			Up to 10	10 - 50	50 - 100	over 100	Injec.	Comp.	Ext.	B.M.	Exp. Poly	Other	Low	Avg	High
1	14	588	2	8	3	1	14	30	17	10	13	5	40	94	120
2	49	3060	7	24	8	10	246	206	32	29	18	15	40	97	168
TOTAL	63	3648	9	32	11	11	260	236	49	39	31	20	40	96	168

over 100 employees. In other words, 65% of the companies reporting had less than 50 employees and 82% had less than 100 employees.

The existence of so many small scale manufacturers and firms in the processing of plastic products may be explained by a number of factors. First of all the industry is capital intensive and relatively little capital is needed to make a start. Established producers, who by industry standards may be considered medium to large sized, pointed out in interviews that particularly with regard to custom moulding, new firms regularly appear on the scene, challenging established suppliers by quoting lower quotations for specialized products. Many of the very small processors appear to be former machine operators and technicians who see the possibility of developing a specialized custom product for which there is likely to be a market and launch out for themselves. The rapid expansion of the plastics industry in itself has been an inducement to the small operator who may have reached the limit as far as career expectations go in his previous employment. Such a person sees the possibility of becoming his own boss, as well as an employer of others and there are no significant economic barriers to deter his entry into the processing field. Many other entrepreneurs in the plastics industry appear to have had technical experience, with some background in science or engineering within the chemical industry at large, before going into plastics.

The likelihood of failure for the small fabricator must likewise be an ever present one. The rate of technological obsolescence is quite high,^{*} as much of the growth of the plastics industry has been due to the development of new reinforced plastic products based on new technology. There is

* This is particularly true of molding machinery. The Ontario government permits high initial allowances of up to 50%. An example is injection molding machinery, in regard to which the piston will be replaced in about 5 years by the screw. It is in custom molding operations that lay-offs tend to be concentrated.

the constant challenge therefore of new substitute products and new technology. This writer visited a number of plants and saw machines which were no longer in production because a newer type of machine or process had been developed which made possible greatly increased output at lower costs. Moreover, the trend has been for manually operated machines to be replaced by automatic or semi-automatic units which offer enhanced productive capacity along with the prospect of lower production or labour costs by virtue of a reduction in the number of operators employed per machine.

Another major uncertainty in market demand faced by small operators is the loss of markets arising from integration - forward as well as backward, on the part of former customers or purchasers, who decide to produce the plastic products they require for their own use.* Indeed, there is every reason to believe that as the scope for reinforced plastic products develops, the larger chemical firms producing the basic raw materials, will integrate forward into plastics on a scale which may eliminate many of the smaller fabricators and processors.

The System of Industrial Relations in the Plastics Industry

Introduction

As a form of joint regulation of industry, collective bargaining cannot be said to be the predominant method of determining wages and conditions of employment in the plastics industry. Alternatively we might say that it is not as significant a factor in the allocation of rewards as it is in some other segments of the chemical industry.

Table 2 below gives data relating to the extent of unionization, length of contract and prevalence of wage reopener clauses among the companies (68 of them) which replied to the S.P.I. questionnaire.

* Automobile Companies e.g. General Motors and Ford, are about - if they have not already done so - to operate their own converters and produce their own molding.

TABLE 2

REGION	UNIONIZED		LENGTH OF CONTRACT					WAGE REOPENING CLAUSE	
	Yes	No	1 yr	2 yr	3 ⁴ mos.	3 yrs	N.A.	Yes	No
1	4	11	1	2	-	1	-	-	4
2	23	30	3	10	1	7	2	7	16
TOTAL	27	41	4	12	1	8	2	7	20

Of 15 companies reporting from Region 1 (Quebec and Eastern Canada) 4 were unionized and 11 non-unionized. Of 53 reporting from Region 2 (Ontario and Western Canada) 23 were unionized and 30 non-unionized. Combining both sets of figures we find that 27 companies or 39% were unionized while 41 or 61% were non-unionized.

The rather limited extent of unionization in this sector of the industry can be explained by any number of factors, but the most important appears to be the economic milieu within which the industry operates, with particular reference to the product market, the labour market, the financial structure, ^{and} level of technology, and the pattern of trade ~~unionization~~ ^{unionization} itself. Indeed, it seems fair to assume that in the absence of compulsory recognition and certification of trade unions as a matter of public policy, the extent of unionization in plastics would be even more limited. Table 3 below reveals a degree of union fragmentation and a multiplicity of unions which is astonishing.

TABLE 3

UNIONS REPRESENTING WORKERS IN THE PLASTICS INDUSTRY

<u>Name of Union</u>	<u>Number of Companies</u>
Aircraft Machinists	1
Int'l Brotherhood of Teamsters	2
Int'l Chemical Workers	2
Int'l Union of Electrical	1
Int'l Union of Machinists & Aerospace	1
Int'l Woodworkers	1
Int'l Mould and Allied Workers	1
N.C.C.L. - Cdn. Plastic Workers	1
Oil, Chemical & Atomic Workers	1
Sheet Metal Workers	2
Le Syndicat National dy Nylon	1
Textile Workers Union	2
United Automobile Workers	1
United Ceramics Workers	1
United Rubber Workers	2
United Rubber, Cork, Lin. & Plas.	1
United Steel Workers	4
Unnamed - company certified union	1
Upholsters Int'l Union	1
<hr/>	
Total Number of Unions	- 19
	27

Twenty-seven companies are dealing with nineteen trade unions. Considering their traditional spheres of influence, we might be excused for thinking that a number of these unions have strayed afield. Some of the obvious examples are the unions of aircraft machinists, teamsters, woodworkers, sheet metal workers, automobile workers, steel workers and upholsterers.

There are a variety of reasons which can be put forward to explain the pattern of unionization and the involvement of so many seemingly "alien" unions in the plastics industry.

First of all, for historical reasons, a number of these unions secured a foothold in the chemical industry. As the chemical producers integrated or expanded into the plastics industry, the unions representing their employees attempted to follow the companys' pattern of diversification and/or integration.

This is undoubtedly a factor which has tended to aggravate union rivalry and jurisdictional disputes. With the development of the "conglomerate" as a dominant new form of corporate structure, union rivalry and jurisdictional disputes are likely to be intensified.

Again, just as the unions representing employees of chemical producers extended their activities into plastics, in like manner a number of unions established in non-chemical firms organized and claimed the right to organize employees when non-chemical firms with which they treated acquired or started plastics operation. In other words, a company which has had to do with a particular union in one sphere of its operations is likely to be susceptible to unionization by the same trade union, especially if the company enters a new field of activity which is not already highly organized by other trade unions.⁸

Another factor is that a number of plastics producers established themselves in locations or areas where a particular union or unions were entrenched in non-plastic enterprises, and were organized in the course of union recruiting drives to expand membership and power.

Traditional union rivalry appears to have been a factor also. Unions A and B are competing in a particular industry, and Union A breaks new ground and secures bargaining rights on behalf of workers employed by plastics company Y. Union B's interest is aroused and to preserve its size and power relative to Union A, it goes after the workers employed by plastics Company Y.

Finally, in one particular case of which the writer became aware in the course of an interview, an employer who wished to secure contracts but

8. Decisions made by Labour Relations Boards in determining the appropriate bargaining unit and granting of certification can also be a factor of importance. If, as has happened, the Ontario Labour Relations Board certifies a union to represent all employees of a firm in Metro Toronto and that firm opens a second plant to produce related and even unrelated products, certification and bargaining rights may be extended to cover employees in the new unit or plant.

ran into difficulty over the lack of a union label for his products, selected a union which he considered appropriate and invited its organizers to come in and secure bargaining rights.

The multiplicity of unions and the fragmentation of representation have served only to make more difficult the task of unionizing an industry which by its very nature and structure does not lend itself readily to unionization.

The Economic Constraints on Unionization and Collective Wage Determination in the Plastics Industry

(a) The small size of firms and establishments

We indicated that of 63 plastics processing firms, 41 or 65% had less than 50 employees, while 52 or 82% had less than 100%. Actually, only 11 of the sample had over 100 employees.⁹

Generally, it is much more difficult to unionize or organize small firms, especially where the owners are actively engaged in their businesses as operators and managers. For one/^{of them} they are much closer to employees and can know a good many of them individually and personally. It is large scale bureaucratic administration which gives rise to impersonal administration and to worker alienation. In the small enterprise, not only is the owner/operator in direct contact with many of his employees, but he can deal directly and promptly with grievances, even if not to the satisfaction of employees.

If a trade union has relatively limited resources, it might prefer to concentrate its efforts and resources on organizing larger firms rather than make a sustained and relatively costly effort to win, maintain and service membership which is spread over a large number of small establishments.

9. Two fairly large Canadian producers - Canadian Chemical Co. and Borden Company, are not members of the Society of Plastics Industry of Canada.

(b) Financial Structure of the Plastics Industry

The plastics industry, as it presently operates, lends itself to small scale operations. With a modest amount of capital, an operator can purchase a number of machines and produce a specialized product for a specific market. The industry is capital intensive with a relatively low wage structure, as we shall see, and the small operator can get by on limited working capital. Three companies were visited by this writer, each of which had 100 or more employees and would have to be classified as medium sized to large^{but} even so two had capital outlays which could be described as modest.

<u>Company</u>	<u>No. of Employees All Inclusive</u>	<u>Value of Plant and Equipment</u>	<u>Net Worth</u>
A	100	\$600,000	-
B	100	\$250,000 (equipment)	\$500,000
C*	145	\$1.5 to \$2 million	-

(* One of 7 Divisions of a company which operates a total of 9 plants.

Company C is both a single plant and a division.) It would be interesting to obtain data on the incidence of failures or bankruptcies among plastic processing companies, but so far this data has not been secured.

(c) Relatively low wage rates and earnings

Attached as Appendix PA is a schedule setting out job classifications, based on types of machines and processes, as well as average weekly gross earnings, hours worked weekly and average hourly rates paid by firms in the plastics industry, which are members of the Society of the Plastics Industry of Canada (S.P.I.).

It will be noted that for practically all categories of employees, the average hourly rates received are higher in Region 2 (Ontario and Western Canada) than in Region 1 (Quebec and Eastern Canada).

The data in the S.P.I. survey has to be used with caution as there may be severe limitations in terms of methodology. A copy of the questionnaire with instructions incorporated into it is also included as part of Appendix PA . To arrive at the average hourly rate paid to each category, the average gross pay was divided by the hours worked weekly. According to the questionnaire, it would seem that the average gross pay is not an average of the base rates for each category multiplied by the average weekly hours worked, but represents rather the average gross weekly earnings - including overtime premiums, shift differentials, bonuses and incentives. In this event the hourly base rates (without reference to earnings) actually would be lower than the average hourly rate shown in the summarized results of the S.P.I. survey (Appendix PA).

Whatever the limitations in methodology, calculation, and analysis, the S.P.I. data will be used to give some indication, however crude, of the wage structure of the plastics industry. Table 4 ^{on next page} shown/indicates the number of employees, male and female, in each of the hourly wage scales.

TABLE 4

	1	2	3	4	5	6	7	8	9	10	11	12	13
Hourly Wage Scales	1.00 1.25	1.25 1.49	1.50 1.74	1.75 1.99	2.00 2.24	2.25 2.49	2.50 2.74	2.75 2.99	3.00 3.24	3.25 3.49	3.50 and over	Total Columns 1 - 11	Total Employees Reported
Numbers in each scale	164	529	614	444	493	203	106	83	91	57	63	2847	Males & Females 2024 985 3079
% of total in all scales column 12	5.8	18.6	21.6	15.6	17.3	7.1	3.7	2.9	3.2	2.0	2.2	100%	

61.6% 86%

Referring to Table 4 on previous page, it appears that 86% of the employees spread over 11 wage scales are earning between \$1.00 and \$2.49 per hour. Nearly 62% are earning less than \$2.00 per hour, while a sizable proportion (nearly 25%) are a little removed from the legal minimum hourly rate of \$1.00 which is applicable in Ontario and Quebec. Less than 8% (211) of the employees reported for all wage scales are earning \$3.00 and over per hour. Even so, more than half of these (120) are found among the tool makers (see p. vii of Appendix PA) who appear to be the highest paid of the production workers. Female employees appear to be employed primarily on finishing jobs and very few of them earn over \$2.49 per hour.

The following is a summary of the data given in the S.P.I. survey relating to finishing jobs.

Average Hourly Rate	1.00	1.25	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.25	3.50
	1.24	1.49	1.74	1.99	2.24	2.49	2.74	2.99	3.24	3.49	
Number in each scale	60	148	164	76	119	28	4	2	-	2	2
	208		372		448		567		595		Total 605

predominantly females,
Of a total of 605 employees, including first line supervisors, 10% are earning less than \$1.25 per hour, 34.3% less than \$1.50 per hour, 61.4% less than \$1.75 per hour, 74% less than \$2.00 per hour, 93.7% less than \$2.25 per hour and 98.3% less than \$2.50 per hour.

A relatively low earnings potential is further aggravated by insecurity of employment for all but the highly skilled such as tool makers, lead hands and working foremen. Seasonal variation and consequent lay-offs is significant in some product lines. Christmas toys is an obvious example.

(d) Relatively high incidence of female employment

Companies furnishing data on wage rates, earnings, and hours of work reported a total employment of 3079 persons comprised of 2094 males and 985 females. Females constituted, therefore, nearly one third of the labour force, and this may be a factor contributing to the relatively low incidence of unionization in the plastics industry. Women are notoriously more difficult than men to organize into stable union membership. Many of them view gainful employment as a temporary expedient and may move in and out of the labour force depending on the level of family income and the demands being made upon it.

There is some evidence to suggest that female employees tend to have a lower level of job expectations than men and are consequently more easily satisfied. They are less inclined, therefore, to be as militant in employment relationships as men and likely also to be less receptive to the idea of collective organization to challenge the power of management.

(e) High labour turnover

The evidence available suggests that plastics processing experience an almost unbelievably high rate of labour turnover. There is apparent awareness that high turnover rates are not conducive to productive efficiency, but the situation seems to be accepted by management as given. Data relating to three firms is set out below to give some indication of the extent of labour turnover and the reasons put forward to explain it.

1. Company A

Years in operation	30
Products	Hair notions, sunglasses, combs and brushes
Number employed	100, of which there are 85 production workers - 60% females

Collective bargaining status	15 years unionized
Rate of labour turnover	100%
Seasonal variation in employment	Is significant. Slack periods are usually in August and December
Explanation of high labour turnover	Management attributed the degree of labour-turnover to quality of the labour force and continuous plant operation. Male employees are relatively young but are unwilling to work the night shifts. Women are employed for the day and evening shifts only. Low wages and earnings were acknowledged as contributory factors. Capital outlay was set at \$600,000. Note: Schedule of current wage rates for this firm is attached as Appendix <u>PB</u> .

2. Company B

Years in operation	15
Products	Reinforced plastics* - molding, tubing, etc.
Numbers employed	* - From plastic trays to motor vehicle parts. 100 of which there are 80 production workers - all males.
Collective bargaining status	Very recently unionized. Unionism invited by management to enjoy economic benefit of union label.
Rate of labour-turnover	1966 - 200% 1967 - 100%
Seasonal variation in employment	Not significant.
Explanation of high labour turnover	(a) Unpleasant working conditions - materials difficult to handle and dirty. (b) Low wage rates.

Capital outlay (equipment) \$250,000. Net worth \$500,000.

Schedule of current wage rates is attached as Appendix PB.

3. Company C

Years in operation

Products

Numbers employed

Collective bargaining
status

Rates of labour-turnover

Value of plant and
equipment

Explanation of high
labour-turnover

4.

One of 7 divisions operated by parent company. The 7 divisions include 9 plants. Company C operates as a single plant and as a division.

Custom molding - plastic packaging and cups.

145, of which 122 are production workers - 50% males and 50% females.

Unionized for 4 years.

1963	350%)	Rates apply
1964	300%)	equally to
1966	250%)	both sexes.
1967	120%)	

\$1½ million - \$2 million

- (a) Physical location - outskirts of Metropolitan Toronto (Bramlea). Company draws labour force from nearby (satellite) towns within a 20 - 30 mile radius. Transportation is a problem - employees cannot all afford cars. Public transportation is slow.
- (b) Relatively low wage rates and earnings.
- (c) The labour force is composed of transients who take jobs in plastics industry until something better comes their way. Few return after being laid off.
- (d) Seasonal variation and work slack are due to discontinuation of unprofitable lines and softening of demand from time to time. Lay-offs as well as installation of automatic machines has led to steady contraction of the labour force.

- (e) Continuous operation and reluctance of some employees to work on night shifts and during week-ends. Company has attempted to solve this problem by advertising for week-end employees to form a stable week-end labour force.

Schedule of current wage rates is attached as Appendix PB.

Summary - labour turnover

Although aware of the magnitude of the problem of labour turnover, none of the managements had contemplated a study of labour turnover to see if it could be substantially reduced. All agreed that higher wage rates would serve to attract a labour force of higher quality, but such a policy was not being pursued deliberately. The companies appeared resigned to a fluctuating labour force provided they could retain a core of relatively skilled and experienced employees. By "experienced" is meant workers who have qualified by running a variety of jobs over a considerable time. These employees should be capable of putting any job in the plant in production. It is from this category of operators with relatively broad experience that the small scale entrepreneur is likely to emerge. Once workers are laid off they apparently have little interest in resuming and presumably take jobs elsewhere.

Collective Bargaining Relationships in Plastics

In the foregoing section we discussed some of the environmental systems or factors, with particular reference to the economic, which condition the system of industrial relations. These factors constitute the inputs or variables which flow from the external environment. They provide the external restraints as well as constraints on the employer and employees as they seek to establish employment relationships and strike the employment bargain.

In the non-unionized sector - where collective relations have not been established, the employer enjoys considerable freedom of action and discretion in three of the basic aspects of industrial relations namely market, managerial and human relations.

In market relations, the most significant restraint suffered by the employer flows from a decision taken through the political processes and enforced through the legal system, to establish a minimum hourly wage rate of \$1.00. For the employer, this is the starting point of any offer which he makes to a prospective job applicant.

Beyond the legal restraint imposed by statutory minimum wage, the limitations suffered by the non-unionized employer are more in the nature of constraints. To illustrate what I mean, an employer may continue to pay relatively low wage rates (or sub-standard wages - if judged by the national or provincial manufacturing average in this case) if he is prepared to tolerate high rates of labour turnover. To the extent, however, that the level of technology requires some

categories of skilled employees whose services are essential to provide continuity and maintain production at tolerable levels of efficiency, the employer must be concerned to pay wages which will be sufficient to retain at least a core of skilled operators. In a rapidly expanding industry such as plastics, failure to meet delivery dates can mean permanent loss of markets. Eager competitors are constantly appearing because of easy access into the industry and the established supplier faces the prospects of lower quotations for custom products. In this type of product market, high rates of labour turnover coupled with the difficulty of recruiting adequate supplies of labour to maintain continuous operations, will make it difficult for the employer to maintain production schedules. Allowing for the appropriate time lag, therefore, low wage rates and high labour turnover rates can become a meaningful constraint.

In managerial relations, the non-unionized employer suffers no meaningful restraints or constraints. There is no union to challenge the exercise of managerial prerogatives. Likewise, within the area of human relations, it depends primarily on the approach and philosophy of the employer as to whether or not he will institute personnel policies aimed at keeping employees sufficiently motivated to achieve desired levels of output at minimum cost.

Our main concern in the remainder of this section however, will be to examine the mechanisms and procedures used to determine the allocation of rewards or output where market, managerial and human relations have been supplemented by collective relations.

The actors on the stage include employees, employers, and their respective institutional representatives, as well as the external agencies, governmental and non-governmental - which are concerned to assist them (a) in establishing the mechanisms and web of rules which are to govern ~~their~~ relationships and (b) serve also to determine the distribution of the rewards or outputs of the enterprise as a total social system.

The web of rules include formal as well as informal arrangements and reflect the necessity of the parties to coexist within their own internal environment even while adapting to the external environmental factors which impinge upon them. In regard to these environmental factors or systems, if you will, the political system establishes the broad social framework within which individuals and institutions enjoy privileges and rights. The legal system provides rules and machinery to give effect to general principles and policies. Over all is the social or cultural system, which establishes the norms of the society and reflects shifts in opinion which have to be translated into specific principles, policies and rules through the political and legal systems. Then there is the economic system, which coordinates economic activities and facilitates the allocation of resources, pricing of the factors of production, and exchange and distribution of goods and services. The economic system is itself subject to a good deal of regulation by society acting through the political and legal systems.

The immediate concern of labour and management is, however, to define their internal relationships within the work environment where employees, union officials and management rub shoulders continuously for a significant portion of the day.

As far as the external inputs or conditioning environmental systems are concerned, the economic and political systems impinge most significantly on collective bargaining relationships in the plastics industry.

The economic milieu described earlier is not conducive to unionization and collective bargaining in plastics. The characteristics of the industry as we have seen include: large numbers of small scale operators, a level of technology which makes possible small production units and capital intensive operations, low wage rates and earnings, relatively high labour turnover rates, seasonal variations in employment, instability in specialized product markets and steady contraction of the labour force through technological displacement which, albeit, has been mitigated by expansion of the industry through the creation of new substitute products and materials.

Collective Agreements and their Significance in Plastics

The sample of collective agreements examined by this writer displayed a high degree of uniformity in format, language and content. The agreements, although covering relatively few employees, were also fairly elaborate documents.

Articles of Relationship

Clause describing and defining the relationship of the unions and employers contain:

(a) a general purpose clause, emphasizing the desire of the parties to cooperate and work harmoniously together in promoting their mutual interests and so on.

(b) a recognition clause in which the employer recognizes the union as the sole bargaining agent for all employees.

Added is the rider - save and except office staff, security guards, foremen and any salaried employees. This last provision no doubt reflects - as far as Ontario is concerned, the provisions of the Ontario Labour Relations Act. Whatever the arguments that clerical employees have a community of interest different from that of production workers, it seems to me that the underlying philosophy is that of class distinction. The inference ^{appears to be} / that trade unions are appropriate for workers (and members of the working class) but not appropriate for non-manual workers (and presumably members of the middle class).

In the agreements examined some companies extended recognition and bargaining rights for all employees in Metropolitan Toronto while others stipulated a specific geographical area, e. g., Bramalea plant.

(c) a management-rights clause in which the union agrees to recognize the right of management to conduct the affairs of the business and exercise certain prerogatives unhampered by the union. As with the chemical industry generally,

this writer has been left with the impression that employers in the plastics industry subscribe to the residual theory of managerial authority which briefly, holds that all rights or privileges not expressly conceded to the union are retained by management. This theory assumes that in the preunion days of unilateral responsibility, all rights, functions and prerogatives belonged to management or employers. Trade unionism and collective bargaining represent therefore a steady encroachment on a formerly exclusive management domain. Rights conceded to the union under the collective agreement have been delegated and what has not been specifically delegated by the contract, is reserved to management.

Procedural Clauses

Clauses relating to the joint administration of the collective agreement include:

(a) a grievance procedure for the processing of complaints and alleged infractions or violations by either party. One agreement stated specifically that "no grievance shall be considered which encroaches upon the function of the management." It should be noted that in this particular case the union is considered weak and ineffective by management, as well as by the workers themselves if we are to accept the evidence of a past officer of the local.

Another article makes it explicit also that management does not intend the union to monopolize the grievance procedure. "It is understood that management may bring forward at any meeting held with the Shop Committee any complaint with respect

to the conduct of the union, its officers or committee, and that, if such complaint by the management is not settled to the material satisfaction of the conferring parties, it may be treated as a grievance and referred to arbitration in the same way as the grievance of an employee."

(b) Shop Committee and Grievance Committee - agreements make provision for a shop committee of from three to five members and/or a Grievance committee of at least three members.

(c) Arbitration: The resolution of unresolved grievances by arbitration calls for the establishment of three man boards, generally speaking.

(d) Renegotiation or reopener clauses - none of the agreements examined contained reopener clauses or formulas to permit proposed alterations to be brought up.

The SPI survey indicates however that 7 of 27 collective agreements signed by members contained reopener clauses.

Substantive issues

Substantive issues regulated by the collective agreements include (a) wages, (b) hours (c) overtime and shift premiums (d) vacations, holidays and leaves of absence for bereavement and other emergencies (e) health, welfare and pension benefits (f) union security, including reference to the union shop, compulsory dues check-off and maintenance of membership and (g) employee job protection through seniority provisions.

Important issues in bargaining

In addition to wages, the issues of importance between labour and management appear to be (a) shift premiums (b) union security provisions and (c) employee job protection through

seniority. These issues reflect the significance of the economic environment as a variable input.

(a) Shift premiums

The methods, as well as processes of production, call for continuous operation. Table 5 below gives the premiums paid for 2nd and 3rd shifts as reported by members of the SPI.

TABLE 5
PREMIUMS PAID FOR 2nd AND 3rd SHIFTS

Amount of Premium	2nd Shift		3rd Shift	
	Region 1	Region 2	Region 1	Region 2
3¢	-	1	-	-
4¢	1	-	-	-
5¢	1	9	-	3
6 2/3¢	-	1	-	-
7¢	2	3	1	-
8¢	-	3	1	1
9¢	-	4	-	2
10¢	1	11	1	14
11¢	-	-	1	1
12¢	-	1	-	3
13¢	-	-	-	1
14¢	-	-	-	2
15¢	-	2	-	4
16¢	-	-	-	1
20¢	1	-	-	-
10%	1	-	-	-

For the second shift the premium paid by the largest number of companies is 10¢ while the premium paid for the 3rd shift ranges from 11¢ to 20¢ in a single case. Collective agreements examined by this writer suggest that 13¢ to 15¢ is the usual range for premiums for the third shift - at least for medium sized firms (i. e., those employing 100 or more employees).

(b) Union security

In an industry where no more than 40% of the firms are unionized and in which characteristically there is heavy labour turnover and frequent layoffs, it is not surprising that the union should wish to insulate itself as much as possible against fluctuating membership and financial support. I shall make the point later that workers may not be getting their money's worth. Agreements examined contained a variety of security provisions including the following:

- a) Maintenance of membership. Any union member or future union member is required as a condition of continued employment to maintain his membership in good standing during the life of the agreement.
- b) Compulsory dues check off for all employees covered by the agreement.
- c) Union shop. All employees eligible for membership in the union or new employees who have completed probation shall as a condition of continued employment, join the union or pay dues as established by the union during the life of the agreement. One agreement provides that if within three months of the date of signing of the agreement at least 90% of the employees covered by the agreement are signed up by the union - then the union shop will be enforced.

(c) Seniority provisions

Grievances relating to discharge of employees who have attained seniority is linked to the grievance procedure as special grievances. The usual provisions establishing the

roster or seniority list for purposes of layoff or retrenchment is also included.

Duration of agreements

Duration of the agreements examined was for two years in each case. According to the SPI survey out of 41 collective agreements 4 were for 1 year

12 " " 2 years

1 was for 34 months

8 were for 3 years.

Collective bargaining procedures

In the usual bargaining situation, there is on the union side, a Local Union negotiating committee. It may or may not be synonymous with the Local Union Executive Committee. The negotiating committee consults with the membership and formulates the claim. The claim usually is vetted by the business agent or representative of the national or international union. Local union officials, usually assisted by an officer of the national or international union, enter into negotiations with management which means the plant manager initially. Later in the proceedings the general manager and his assistants (including the industrial relations officer or personnel officer, if there is one) become involved.

On the company side, there appears to be a fair degree of decentralization at the branch or divisional level. In the final analysis plant or divisional executives conduct negotiations under the guidance, if not direction, of senior management officials including industrial relations officers.

On the union side, certainly for the low earnings sector, one is left with the impression of weak unionism - weak not only in terms of bargaining power, but in terms of local union administration and membership participation. In one particular case, a past officer of the Canadian Plastic Workers Union, local 182, of the National Council of Canadian Labour reported that the consensus among rank and file was that the union was under the thumb of management. The basis for this allegation, it seemed,

was that the union had not been able to win significant increases in hourly rates despite the sizable percentage increases won by unions in other fields in the wake of the pace-setting 30% increase secured by the St. Lawrence Seaway workers in 1966.¹⁰ In an interview with this writer, the general manager of the company involved readily admitted that he did not consider the C.P.W.U. local a force to be reckoned with.

This writer gained the impression that the main appeal of the N.C.C.L. was its nationalism rather than the devices it provides. Organizationally the N.C.C.L. has a president who is himself a full-time employee in a firm and in effect therefore is a part-time union president. The General Secretary of the Council is located in Ottawa. Communication with the Toronto Office of the N.C.C.L. is maintained by a telephone answering service. The N.C.C.L. appears to have very limited research facilities, but the C.P.W.U. does receive help from one of the national offices in contract negotiations. Of membership dues of \$2.25 monthly, \$1.00 is returned to the C.P.W.U. as a chartered local. Trade union education and training courses for officials of the C.P.W.U. - local 182, all of whom serve voluntarily, have been limited to two day institutes conducted at the N.C.C.L. Labour Trade Union School at Kitchener. Participants are exposed to basic training, including film shows and guest speakers. Meetings of the local executive committee (6 in number) appear to be infrequent. Records of the minutes of meetings indicated that only two had been held (or entered) since 1965.

10.

Arms length bargaining

Of greater interest, perhaps is the conduct of negotiations, on behalf of a number of firms in the industry, by professional arbitrators associated with the Central Ontario Institute of Labour Relations (C.O.I.L.R.). When queried about this pattern of bargaining, employers explained that they were first and foremost businessmen and administrators. Their foremost concern was to manage their businesses, a task about which they knew something.

On the other hand, when their employees became unionized, they as managers were forcibly introduced to collective bargaining and became involved in contract negotiations, an area in which they had had limited or no experience. Not only were they likely to be bogged down in frequent time consuming meetings, but likely also to be bested by career union negotiators to whom bargaining was a regular occupation as well as way of life. One solution was to leave the conduct of contract negotiations to employer oriented professionals who were skilled in the art of negotiating and familiar with labour-management practices and conventions. This was where the Central Ontario Institute of Labour Relations came in.

Employers interviewed also explained that they did not participate directly in negotiations with the union negotiators and that meetings were never held on company premises. By not sitting down with the union and keeping negotiations or renegotiations away from the employment milieu, it was possible to insulate employees

against the drama and tension. The professional negotiators supplied by the Central Ontario Institute of Labour Relations perform, therefore, in the role of mediators. When they think that a settlement can be reached, the proposal is referred to the employer for his final approval. In a sense the business agent of the union is doing the same thing. He also has to sell the "proposed package" to the members of the union.

This type of "arms length" bargaining undoubtedly has much to commend it from the point of view of employers. Small and medium sized firms may not have the resources to command the services on a full-time basis of an industrial relations or personnel specialist. The Central Ontario Institute of Labour Relations represents a form of resource pooling, which makes it possible for smaller firms to avoid having expensive staff and yet avail themselves of the services of specialists when they are needed. At the same time, management is left free to concentrate on maintaining production schedules.

The Central Ontario Institute of Labour Relations has two types of membership. There are regular members or firms which pay an annual subscription based on the numerical size of their work force as well as an initiation fee which is 50% of the annual subscription. Where "regular" members request services which are beyond normal or special, they are assessed additional fees.

The second type of membership is designed for smaller firms and they pay a token subscription of only \$1.00, but then are charged for services actually provided.

Whatever the advantages to the employer, this type of bargaining relationship, which does not bring management, union officials and delegate observers into direct face to face association can also be a watered down form of unionism for employees. It means that the union is providing a purely service function, without some of the important psychological and social benefits which unionism can and does offer.

Let me cite an example. One of the most significant achievements of the trade union, and one that is often overlooked has been the enhancement of the dignity and status of the manual worker. In bargaining sessions, the basic assumption is that union officials and management are sitting down as equals to determine the allocation of rewards. This psychological lift or boost is lost when the union negotiators deal not with plant or company management, but with an agent or intermediary.

Moreover this type of arrangement lends itself very readily to the suspicion that the two professional negotiators (union and C.O.I.L.R.) may have struck their own deal and are consequently united in purpose in terms of selling the package or agreement to their respective principals.

Impact of Collective Bargaining in the Plastics Industry

The trade union, as a representative institution performs a number of functions on behalf of the employees who constitute its membership and support. These functions include:

- (a) protecting members against the consequences of unilateral or arbitrary exercise of managerial authority. In more specific terms this means protecting the individual worker from arbitrary dismissal and/or disciplinary action. This the union attempts to do through the establishment of individual rights in jobs and the development of a judicial system for deciding disputes and such rights.
- (b) maintaining and improving wages, ancillary benefits, and other working conditions through collective bargaining.
- (c) enhancing the dignity and status of the worker or employee, enabling him as an individual human being to achieve development of his personality and thus lead a better and fuller life.
- (d) preparing the worker or employee to assert and defend his rights as a citizen in the liberal democratic state, appreciation of which rights comes from the opportunities which his participation in industrial democracy provides for "developing leadership, a sense of responsibility, the ability to run organizations and meetings, and knowledge of democratic practices and capacity for service". These functions are broad in scope and permissive and allow for a variety of approaches.

To put itself in the position to discharge functions (a) and (b), the union must first organize and win majority support from the employees in a given establishment. The task of gaining recognition and bargaining rights has been facilitated by certification procedures, referred to earlier, which are required by law as an expression of public policy in the field of industrial relations. There is considerable room for the expansion of trade union membership in the plastics industry. Indeed, it could be argued that trade unions have not done enough for workers in the low earnings sector of the economy even when allowance is made for the difficulties and limitations experienced in organizing these workers. One might even be tempted to go further and speculate that in terms of the goal of economic and social justice the character of unionism in plastics is such that it may be serving, albeit unwittingly, to perpetuate the ^{income} gap between better paid and lower paid wage earning groups in Canadian society. Fragmentation of trade union representation, multiplicity of unions and ^{limited worker} participation at the plant level are hardly calculated to contribute to a narrowing of occupational and interindustry differentials.

Collective bargaining and occupational differentials

One may, of course, assume too much about the efficacy of trade unions in narrowing differentials. That a narrowing of occupational differentials has taken place in nearly all of the industrially advanced countries, is beyond doubt. Economists,¹¹ however,

11. Economists who can be found to express any one or more of the points of view enumerated in this paragraph include H.A. Turner, K.G. Knowles and D.J. Robertson, Lloyd Reynolds, N.J. Samuels, A.G.D. Fisher and Colin Clark.

have ascribed different reasons or causes for this effect. Some economists view trade unions as substantial causative forces because they follow a policy of flat increases. Some see the unions as having a relatively minor and largely unpurposeful effect. Others consider the impact of unionism to be temporary as organization spreads from the skilled to the unskilled. Yet others find the explanation for reduced differentials lying almost outside unionism in the spread of public education and its effect on the relative supply of workers. Other factors to which the narrowing of occupational differentials have been attributed include the effect of full employment policies in raising the demand for the unskilled, mass technology which reduces the levels of skills, and egalitarian tendencies expressed in minimum wage laws and other forms.

Interindustry Differentials

Evidence also indicates that there has been a narrowing in terms of percentages of interindustry differentials. The possibility that collective bargaining may distort the relative wage levels and price levels of different industries away from the competitive pattern has always been one of the most serious charges advanced by critics of unionism. In the absence of a highly competitive labour market, it is impossible, however, to judge what

interindustry differentials would exist under perfect competition. It may well be that wage levels of some industries may be too high while others are too low. While one cannot say that wages in the chemical industry generally are too high, it certainly can be argued that wage rates and earnings in plastics are low, especially when one considers that the chemical industry generally is included in the high earning sector. The intra-industry differentials between plastics and industrial chemicals or petro chemicals is striking. These differentials may lie partly in the realities of the trade union movement and partly in the structure of the labour markets. Trade unions, historically speaking, emerged among relatively highly paid craftsmen. It is the worker who has achieved a certain standard of living who feels the greater need for job protection and employment security. Similarly, it is the homeowner, who has property and assets to lose, who worries about housebreakers. Unionism, it seems, tends to establish itself first and securely in the high-wage industries or segment of a particular industry in which conditions are most favourable to wage increases.

Raising wage levels in plastics relative to chemicals generally

If trade unionism is to become a more potent agency or force for raising or improving earnings of workers in the plastics relative to their better paid brethren in chemicals, a number of developments would seem to be necessary.

(a) Greater degree of inter-union cooperation.

The multiplicity of trade unions is not only bewildering, but membership support is dispersed among many small bargaining units.

Larger bargaining units and larger membership undoubtedly make it easier for a union to provide adequate servicing and facilities including research, training and education and at the same time to exercise greater bargaining power. The fragmentation of the trade union representation and lack of co-ordinated bargaining is not without advantage to many employers. Employers pointed out that they could hope to establish wage rates and wage scales closer to the prevailing or community wage rates in areas where it would be appropriate to do, and to discount ability to pay where this might otherwise have been an important bargaining criteria if they were dealing with a single company wide or industry wide union.

Moreover, where a union feels itself vulnerable to raiding, it will hesitate to resort to a test of strength with the employer, if there is any doubt about the ^{outcome} / A rival union may be waiting to stake its claim.

Union fragmentation is not without danger, however, for the employer. Where there is rival unionism, it could result in competitive wage bidding in wage claims as the incumbent union seeks to demonstrate that its claim cannot be improved upon. My own view is that greater inter-union cooperation will become a necessity, if for no other reason than that changing technology is bound to aggravate jurisdictional disputes, and there appears to be increasing public disenchantment with what are regarded as restrictive craft practices.

The manager of a newly unionized plastics processing company explained how the firm's employees came to be unionized and some of the problems that had arisen through conflicts of jurisdiction. The company developed plastics substitute ventilation pipes and hoods. When a number of prospective buyers were approached, they replied that in order to avoid labour problems they would not buy products not bearing a union label. The company was successful, however, in selling some of its ventilation pipes, but found that pipefitters were expected to install the pipes. The difficulty was that pipefitters could not cope with plastic pipes, which as a new kind of material required new methods of treatment and new installation techniques. As a possible solution, the company invited unionization, and the International Association of Machinists and Aerospace workers secured bargaining rights. For the company, the anticipated ^{"quid pro quo"} ~~xxxxxx~~ was that with a union label, it would be able to gain new customers and at the same time use its own employees to install the pipes.

On another occasion the same company obtained a contract to make and install a suspended ceiling in the Centre for Performing Arts in Ottawa. The company ran into opposition from the Plasterers Union, which contended that its members should do the installation. A second proposal made by the union's business agent was that employees of the company (already represented by the International Machinists and Aerospace Workers Union) might consider becoming members of the Plasterers Union. Management resisted both proposals on the grounds that the company's employees were also trade unionists and had their own self interest to protect.

Coordination of industrial relations policies on the part of employers

Employers in the Plastics Industry are much better placed to coordinate policies in the area of labour-management relations. Machinery for this purpose already exists in the Society of Plastics Industry of Canada. The Society has not been involved in collective bargaining as such, but conducts surveys such as the one referred to in this study, the findings of which are made available to members. Individual companies are provided, therefore, with up-to-date information about wages, shift premium, fringe benefits, extent of unionization and so on, which can be very helpful to them in their respective negotiations. The Society's main concern is with promotion of the industry's overall economic interests, and ^{with} / the issue of tariffs in particular. The Secretary of the S.P.I. has indicated ^{however} / that the Society also will become involved in education and training on a

limited scale. Initially, this will take the form of periodic one-day seminars on various aspects of labour-management relations.

Tilco Plastics and the Injunction Issue

No reference has been made so far to the fact that the Plastics Industry provided labour with its "cause célèbre" during 1966 and since.

The Textile Workers Union of America resorted to strike action against Tilco Plastics located in Peterborough, Ontario, to back up contract claims. Pickets were posted, but management obtained an injunction to prevent picketing. Massed picketers defied the injunction to protest against the use of this legal procedure and were eventually tried for contempt of court, convicted and some received prison sentences.

Arising out of labour agitation, a one-man Royal Commission was appointed (Justice Ian Rand) to investigate the use of the injunction and to review other aspects of the legal framework.

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JOB CLASSIFICATION	Average Weekly Gross Pay	Hours Worked	Average Hourly Rate	1.00	1.25	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.25	3.50 and over	No. of Emp. Reported Male	Fem.
12. Injec. Molder (semi-exp)																
National	68	418	1.56	40(4)	41(3)	70(8)	2(2)		53(1)						127	103
Region 1	66	490	1.38	3(1)	2(1)	2(1)									5	
Region 2	68	411	1.57	37(3)	41(3)	68(7)	4(3)	22(2)	53(1)						122	103
13. Injec. Molder (learner)																
National	60	411	1.46	21(4)	86(8)	5(1)	6(2)	8(2)							58	68
Region 1	53	446	1.18	5(2)	3(1)										5	3
Region 2	61	402	1.52	16(2)	83(7)	5(1)	6(2)	8(2)							53	65
14. Blow Molder (exp)																
Region 2 (and National)	88	408	2.14				1(1)	9(1)	12(2)						22	
15. Blow Molder (semi-exp)																
Region 2 (and National)	87	408	2.11				1(1)	5(2)	1(1)						7	
16. Blow Molder (learner)																
Region 2 (and National)	73	408	1.80			1(1)	4(2)								5	
23. Foreman (Supervisory)																
National	142	418	3.04					3(1)		1(1)			2(2)		6	
Region 1	145	475	3.03							1(1)			1(1)		2	
Region 2	138	420	3.05					3(1)					1(1)		4	
24. Foreman (working)																
National	107	494	2.21		1(1)	3(1)		1(1)			1(1)	3(1)			8	1
Region 1	94	540	1.69		1(1)	3(1)		1(1)			1(1)	3(1)			4	1
Region 2	127	425	2.99													
25. Pre-expansion Operator																
National	89	466	1.98			2(1)	2(2)		1(1)	1(1)					4	2
Region 1	83	500	1.76				2(2)								1	1
Region 2	89	443	2.13			2(1)			1(1)	1(1)					3	1
26. Press Operator (Exp.)																
National	83	436	2.05			6(2)	10(2)		5(2)	4(1)					21	4
Region 1	84	51	1.62			6(2)									3	3
Region 2	90	406	2.22			10(2)			5(2)	4(1)					18	1
27. Press Operator (Semi-Exp.)																
National	76	500	1.48		20(2)	7(1)									21	6
Region 1	78	525	1.41		20(2)	7(1)									14	6
Region 2	73	450	1.62												7	

ATTENDANCE POLYGRAPHIC JONES 23 - 23

SPR LAOUR SURVEY - JULY, 1967

JOB CLASSIFICATIONS	Average Weekly Gross Pay	Hours Worked	Average Hourly Rate	1.00	1.25	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.25	3.50 and over	No. of Reported Male	Female
28. Press Operator (learner)																
National	76	433	1.57	2(1)	5(1)	8(1)		4(1)							17	2
Region 1	70	530	1.24	2(1)	5(1)										5	2
Region 2	82	435	1.95			8(1)			4(1)						12	
29. Foreman																
National	128	424	3.07			1(1)										
Region 1	123	450	2.82			1(1)									21	
Region 2	129	409	3.16												5	
30. Extrusion Operator (exp.)															16	
National	107	443	2.39		2(1)		4(3)								13	
Region 1	102	450	1.90	2(1)			1(1)		2(1)						5	
Region 2	113	427	2.63				3(2)								8	
31. Extrusion Operator (semi-exp.)																
National	88	430	2.03			11(3)	10(3)	25(6)							78	
Region 1	91	482	1.87			10(2)	6(1)	7(2)							23	
Region 2	87	413	2.08			1(1)	4(2)	18(4)	26(6)	6(2)					55	
32. Extrusion Operator (learner)																
National	79	436	1.85			14(3)	17(5)	29(4)							59	1
Region 1	82	492	1.72			10(2)	3(2)								13	
Region 2	78	407	1.91			4(1)	14(3)	29(4)							46	1
33. Foreman (supervisory)																
National	75	448	1.65		15(3)	18(4)	7(4)								40	2
Region 1	75	495	1.48		15(3)	3(1)									18	
Region 2	75	425	1.74			18(4)	7(4)								23	2
34. Foreman (supervisory)																
National	127	423	3.00						1(1)	2(2)					11	
Region 1	129	437	2.97						1(1)	1(1)					5	
Region 2	126	417	3.01												6	
35. Foreman (working)																
National	113	445	2.54												19	
Region 1	101	476	2.13												7	
Region 2	119	434	2.71												12	

SPI LABOUR SURVEY JULY 1967

14

JOB CLASSIFICATION	Average Gross Hours Paid	Average Hourly Rate	1.00	1.25	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.25	3.50 and Over	No. of Emp. Reported Male	Final
36. Reinforced Plastics Oper (Exp.)			1.24	1.49	1.74	1.99	2.24	2.49	2.74	2.99	3.24	3.49			
National	92	2.06			50(5)	12(2)	14(4)	10(1)	9(2)		7(1)			97	5
Region 1	83	1.67			44(4)	8(1)								52	
Region 2	96	2.26			6(1)	4(1)	14(4)	10(1)	9(2)		7(1)			45	5
37. Reinforced Plastics Oper (Semi-Exp.)															
National	79	1.79		27(3)	57(3)	19(5)	2(1)	20(2)						120	5
Region 1	70	1.66		27(3)	50(2)									77	
Region 2	83	1.96			7(1)	19(5)	2(1)	20(2)						43	5
38. Reinforced Plastics Oper. (Learner)															
National	67	1.54	17(1)	29(4)	9(4)		33(2)							71	17
Region 1	64	1.31	17(1)	23(2)	2(1)									32	10
Region 2	69	1.66		6(2)	7(3)		33(2)							39	7
39. Foreman (Supervisory)															
National	134	3.24								2(1)	1(1)		1(1)	4	
Region 1	120	2.82								2(1)				2	
Region 2	142	3.45									1(1)		1(1)	2	
40. Foreman (Working)															
National	109	2.42				2(1)	2(1)		1(1)		3(1)			8	
Region 1	95	1.91				2(1)								2	
Region 2	113	2.58					2(1)		1(1)		3(1)			6	
41. Set-up Man															
National	106	2.37				2(1)				2(1)				4	
Region 1	83	1.85				2(1)								2	
Region 2	120	2.89								2(1)				2	
42. Thermoforming Press Operator (Exp.)															
National	83	1.71			7(1)	4(3)								11	
Region 1	81	1.67			7(1)	1(1)								8	
Region 2	84	1.75				3(2)								3	
43. Thermoforming Press Operator (Semi-Exp.)															
National	78	1.67		3(1)	2(1)	1(1)								6	
Region 1	77	1.46		3(1)										3	
Region 2	78	1.78			2(1)	1(1)								3	
44. Thermoforming Press Operator (Learner)															
Region 2 (and National)	74	1.74			2(1)	2(2)								4	

53 3 103 6 113 35 30 45 45 1203 466

SPI LABOUR SURVEY JULY 1967

JOB CLASSIFICATION	Average Gross Pay	Weekly Hours Worked	Average Hourly Rate	1.00	1.25	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.25	3.50 and over	No. of Emp. Reported Male Female
FINISHING JOBS 45 - 51															
45. Foreman															
National	102	429	2.31			2(1)	4(4)	2(2)	5(4)				2(2)	2(1)	13 4
Region 1	89	475	1.86				2(2)								1 1
Region 2	105	421	2.47			2(1)	2(2)	2(2)	5(4)				2(2)	2(1)	12 3
46. Finisher-General															
National	67	419	1.60	53(5)	140(8)	122(3)	66(2)	107(3)	7(1)	4(1)					44 465
Region 1	65	445	1.46	27(3)	15(2)					4(1)					13 33
Region 2	68	411	1.65	26(2)	125(6)	122(3)	66(2)	107(3)	7(1)						21 432
47. Painter and Sprayer															
National	74	426	1.71	1(1)	8(2)	33(3)	1(1)	8(2)	1(1)						2 50
Region 1	102	481	2.07				1(1)		1(1)						2 50
Region 2	66	410	1.61	1(1)	8(2)	33(3)		8(2)							
48. Buffing Operator															
National	73	426	1.81	5(1)		6(3)			8(2)						4 9
Region 1	74	440	1.58	5(1)		2(1)			2(2)						4 4
Region 2	80	419	1.91			4(2)									4 5
49. Rolling Operator															
Region 2 (and National)	73	415	1.91	1(1)		1(1)	2(1)		7(2)						10 1
50. Set-up Man - Finishing															
National	102	458	2.16				3(2)	2(2)			2(1)				7 1
Region 1	81	440	1.77				1(1)								1 1
Region 2	107	463	2.27				2(1)	2(2)			2(1)				6 6
FINISHING JOBS 52 - 54															
52. Foreman															
Region 2 (and National)	96	490	1.74			2(1)									2 2
53. Operator (L.P.)															
National	84	414	1.99		2(1)	2(2)	3(2)	2(2)	3(2)	2(1)					14 4
Region 1	81	453	1.62	2(1)	2(1)	2(2)	2(1)	2(2)	3(2)	2(1)					10 10
Region 2	84	404	2.09			2(2)	1(1)								
54. Operator (Learner)															
Region 2 (and National)	68	400	1.70			2(1)									2 2
FINISHING JOBS 55 - 56															
55. Chief Inspector															
National	107	417	2.55				3(3)	2(2)	2(2)	1(1)	1(1)		1(1)	1(1)	11 2
Region 1	98	436	2.05				1(1)	1(1)							2 9
Region 2	107	412	2.60				2(2)	1(1)	2(2)	1(1)	1(1)		1(1)	1(1)	

SPT LAFOUR SURVEY JULY 1967

JOB CLASSIFICATION	Average Gross Pay	Weekly Hours Worked	Average Hourly Rate	1.00	1.25	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.25	3.50 and over	No. of Emp. Reported Male	Female
56. Inspector National	83	408	2.02		6(3)	6(2)	5(2)	32(8)		10(3)		1(1)			37	25
Region 1	59	405	1.40		4(2)										3	1
Region 2	86	408	2.11		2(1)	6(2)	5(2)	32(8)		10(3)		1(1)			34	24
SHIPPING AND RECEIVING JOBS																
57. Foreman National	104	433	2.41			2(2)	1(1)	4(4)	7(7)	8(8)	3(2)	1(1)		1(1)	27	
Region 1	83	418	2.00				3(3)								3	
Region 2	107	435	2.43			2(2)	1(1)	1(1)	7(7)	8(8)	3(2)	1(1)		1(1)	24	
58. Material Handler National	81	425	1.76		8(1)	11(7)	26(9)	18(9)	8(4)	1(1)					71	1
Region 1	85	457	1.82		6(4)	6(4)	1(1)		2(1)						9	
Region 2	80	417	1.99		8(1)	5(3)	25(8)	18(9)	6(3)	1(1)					62	1
59. Packer and Storehouse National	72	435	1.63		11(4)	11(3)	2(1)	13(3)	4(1)						33	21
Region 1	70	443	1.51		11(4)	3(1)									10	4
Region 2	73	419	1.72			8(2)	2(1)	13(3)	4(1)						23	10
60. Truck Operator National	92	455	2.01		5(3)		2(2)	5(5)	3(2)		1(1)				16	
Region 1	74	507	1.37		5(3)										5	
Region 2	83	439	2.21				2(2)	5(5)	3(2)		1(1)				11	
61. Clerk National	82	444	1.86			2(2)	3(3)	6(3)							9	2
Region 1	88	457	1.91				2(2)	2(1)							4	
Region 2	77	414	1.80			2(2)	1(1)	4(2)							5	2
MAINTENANCE JOBS																
62. Foreman National	127	412	3.09				1(1)			3(3)	1(1)	2(2)	3(2)	3(3)	13	
Region 1	108	413	2.61							1(1)					1	
Region 2	129	412	3.13				1(1)			2(2)	1(1)	2(2)	3(3)	3(3)	12	
63. Steam Fitter and Millwright National	101	428	2.33			3(1)	9(2)	4(3)	10(4)	5(1)	18(4)				49	
Region 1	193	483	2.05			3(1)	8(1)	3(2)	1(1)						18	
Region 2	102	411	2.50				1(1)	1(1)	9(3)	5(1)	18(4)				34	
64. Helper National	97	487	1.97		1(1)	3(2)	3(3)		6(3)		3(1)				16	
Region 1	113	555	1.99			2(1)	2(1)		1(1)						3	
Region 2	96	461	2.02		1(1)	1(1)	3(3)		5(2)		3(1)				13	

SPT LABOR SURVEY JULY 1967

JOB CLASSIFICATION		Average Gross Pay	Weekly Hours Worked	Average Hourly Rate	1.00	1.25	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.25	3.50 and over	No. of Reported Male Female
56. Supervisors (incl. National)																
56. Supervisor 2 (incl. National)		95	416	2.31				1(1)		1(1)	3(1)					8
56. Supervisor 1 (incl. National)		93	453	2.07				3(1)	4(1)	4(1)						11
56. Supervisor 2 (incl. National)		95	420	2.25				3(1)	4(1)	4(1)						7
57. Electrician National		119	429	2.74						2(1)	3(3)	8(3)		1(1)		14
57. Electrician Region 1		112	425	2.63						2(1)	1(1)	1(1)				1
57. Electrician Region 2		110	420	2.76						2(1)	2(2)	8(3)		1(1)		14
58. Electrician National		153	453	3.61						2(2)	1(1)	1(1)		1(1)	14(11)	18
58. Electrician Region 1		141	475	3.06						2(2)	1(1)	1(1)		1(1)	1(1)	2
58. Electrician Region 2		162	433	3.70						2(2)				1(1)	13(10)	16
59. Electrician National		113	414	3.15				2(1)	5(1)		1(1)	4(1)		2(1)	2(4)	23
59. Electrician Region 1		135	442	2.81				4(2)		4(3)	8(5)	2(2)	49(7)	22(5)	4(3)	93
59. Electrician Region 2		141	475	3.57				1(1)		4(3)	1(1)	1(1)		1(1)	2(1)	9
59. Electrician National		136	414	2.87				3(1)			7(4)	2(2)	15(7)	21(4)	2(2)	84
60. Electrician National		116	442	2.57				1(1)	3(2)	60(1)	1(1)	6(3)	13(5)			94
60. Electrician Region 1		144	635	2.15				2(1)		1(1)	1(1)					3
60. Electrician Region 2		112	442	2.52				1(1)	1(1)	4(3)	1(1)	6(3)	13(5)			91
61. Electrician National		80	447	1.81		2(1)	13(3)	13(4)	9(3)							37
61. Electrician Region 1		92	580	1.52		2(1)	4(1)	9(2)	9(3)							44
61. Electrician Region 2		79	431	1.99		2(1)	9(2)	13(4)	9(3)							33
62. Electrician National		74	441	1.63	3(2)	10(3)	16(10)	9(5)	19(5)							56
62. Electrician Region 1		69	496	1.32	1(1)	10(3)	1(1)	9(5)								11
62. Electrician Region 2		75	427	1.73	2(1)	15(9)	15(9)	9(5)								45
63. Watchman National		73	439	1.79			7(4)	5(2)	5(1)							17

2,760 18,500 71,516 15,403 17,316 71,130 5,723 2,015 3,176 2,002 1,212

OTHER FRINGE BENEFITS (Cont'd)

Region	Major Medical			Income Protection			Pension		
	Paid by Co.	Emp/Co Share	Paid by Emp.	No Prov.	Paid by Co.	Emp/Co Share	Paid by Emp.	No Prov.	No Prov.
1	2	10	-	2	2	7	-	5	10
2	6	20	2	11	11	16	1	8	7
Total	8	30	2	13	13	23	1	13	17

Paid Holidays

Region	Christ- mas	New Years	Dom. Day	Good Fri.	Vict. Day	Civic Hol.	Labour Day	Thank- giving	St. John Baptist	Other
1	11	11	10	11	5	-	11	7	8	3
2	47	46	46	47	45	39	46	44	-	15
Total	58	57	56	55	5	39	57	51	8	18

Number of Paid Holidays

Region	Full Days					Half Days				
	0	2	5	7	8	9	10	1	2	
1	2	-	2	4	5	-	-	-	-	
2	-	1	1	1	36	8	2	1	7	
Total	2	1	2	5	41	8	2	1	7	

(Note: 1 company pays 2½ % of year's salary in lieu of holiday pay.)

Estimate of Percentage of

Average Fringe Benefits

Region	N.A.	0 - 9.9	10 - 19.9	20 - 29.9	30 or over	Median %
1	2	8	2	1	0	9.3
2	31	8	8	6	1	14.5
Total	33	16	10	7	1	12.8

UNIONS REPRESENTING WORKERS IN THE PLASTICS INDUSTRY

Name of Union	Number of Companies	Name of Union	Number of Companies
Aircraft Machinists	1	Le Syndicat National dy Nylon	1
Int'l Brotherhood of Teamsters	2	Textile Workers Union	2
Int'l. Chemical Workers	2	United Automobile Workers	1
Int'l Union of Electrical	1	United Ceramics Workers	1
Int'l Union of Machinists & Aerospace	1	United Rubber Workers	2
Int'l Woodworkers	1	United Rubber, Corkk, Lin. & Plas.	1
Int'l Mould and Allied Workers	1	United Steel Workers	4
N.C.C.I. - Cdn. Plastic Workers	1	Unamed - company certified union	1
Oil, Chemical & Atomic Workers	1	Upholsters Int'l Union	1
Sheet Metal Workers	2	Total	27

PREMIUMS PAID FOR 2nd AND 3rd SHIFTS

Amount of Premium	2nd Shift		3rd Shift	
	Region 1	Region 2	Region 1	Region 2
3¢	-	1	-	-
4¢	1	-	-	-
5¢	1	9	-	3
6 2/3¢	-	1	-	-
7¢	2	3	1	-
8¢	-	3	1	1
9¢	-	4	-	2
10¢	1	11	1	14
11¢	-	-	1	1
12¢	-	1	-	3
13¢	-	-	-	1
14¢	-	-	-	2
15¢	-	2	-	4
16¢	-	-	-	1
20¢	1	-	-	-
10%	1	-	-	-

OTHER PAYMENT POLICIES

Region	Payment for Employee Rest Period				Pay Piece Work			
	Men		Women		Molders		Finishers	
	Yes	No	Yes	No	Yes	No	Yes	No
1	13	1	13	-	1	12	3	9
2	47	4	50	2	6	39	7	38
TOTAL	60	5	53	2	7	51	10	47

In the past, the final industry report will be made available only to participants. All figures of individual companies will be treated in strict confidence.

Company Name (please type or print)

Individual

Address

City

State

Zip Code

INSTRUCTIONS

A. EFFECTIVE DATE OF THIS SURVEY — Please base answers on conditions now in effect in your plant. If you operate two or more plants with different wage structures, use separate forms.

B. From your payroll records, compute for the payroll period the AVERAGE WEEKLY EARNINGS of the employees for whom the information is requested.

(1) AVERAGE WEEKLY EARNINGS is the total weekly earnings of all employees in a job category, divided by the number of employees in a job category. This amount should include in addition to straight-time earnings; overtime premiums, bonuses, shift differentials and incentives. In determining the average weekly earnings also observe the following rules:

(a) Do not include the earnings of employees not actually working or on vacation.

(b) Use gross earnings only.

(c) Regularly recurring bonus payments, such as production bonuses, should be included.

(d) Do not include bonus payments that are NOT part of regular earnings, e.g., Christmas bonus.

(e) Convert salaries and piece work rates to hourly equivalents.

(2) AVERAGE HOURS WORKED WEEKLY is the total number of hours worked in the week divided by the number of employees in a specific job category.

(3) AVERAGE HOURLY RATE is the sum of individual hourly rates divided by the number of employees in a job category, e.g.:

$$\begin{array}{rcccl} \text{EMPLOYEE} & A & B & C & \\ & (\$2.55) & (\$2.75) & (\$3.25) & \\ & + & + & + & \\ & \hline & \$8.55 & & & \\ & \div & 3 & & \\ & \hline & \$2.85 & & & \end{array}$$

(4) MINIMUM HOURLY RATE is the starting hourly rate if there is an established range, or the lowest rate paid to employees in a specific job category.

(5) MAXIMUM HOURLY RATE is the highest hourly rate if there is an established range, or the highest rate paid to employees in a specific job category.

C. By "experienced" employees is meant those who have qualified by running a variety of jobs over a considerable period of time. Those employees should be capable of putting any job in the plant in production.

By "semi-experienced" employees is meant those who have qualified on specific jobs and who have passed the stage of "learners" but have not the wide experience needed to run all jobs.

By "learners" is meant those employees who have just started to operate equipment and have not had sufficient experience to operate such equipment efficiently.

By "set-up men" is meant those who set dies in presses or other machinery and take care of putting auxiliary equipment in place before the start of actual production.

TO BE RETURNED NOT LATER THAN APRIL 24, 1967 TO

THE SOCIETY OF THE PLASTICS INDUSTRY, INC.

250 PARK AVENUE • NEW YORK, N.Y. 10017

1. Foreman (supervisory)

2. Foreman (supervisory)

3. Foreman (supervisory)

4. Foreman (supervisory)

5. Foreman (supervisory)

6. Foreman (supervisory)

7. Foreman (supervisory)

8. Foreman (supervisory)

9. Foreman (supervisory)

10. Foreman (supervisory)

11. Foreman (supervisory)

12. Foreman (supervisory)

13. Foreman (supervisory)

14. Foreman (supervisory)

15. Foreman (supervisory)

16. Foreman (supervisory)

17. Foreman (supervisory)

18. Foreman (supervisory)

19. Foreman (supervisory)

20. Foreman (supervisory)

21. Foreman (supervisory)

22. Foreman (supervisory)

23. Foreman (supervisory)

24. Foreman

25. Foreman

26. Foreman

27. Foreman

28. Foreman

29. Foreman

30. Foreman

31. Foreman

32. Foreman

33. Foreman

34. Foreman

35. Foreman

36. Foreman

37. Foreman

38. Foreman

39. Foreman

40. Foreman

41. Foreman

42. Foreman

43. Foreman

44. Foreman

45. Foreman

46. Foreman

47. Foreman

48. Foreman

49. Foreman

ANSWERS TO QUESTIONS CONCERNING YOUR PLASTICS OPERATIONS ONLY, NOT IN OTHER LINES OF BUSINESS.

97. Number of employees in plant _____

98. Number of production machines:

Injection _____ compression _____ extrusion _____ blow _____ molding _____ expandable polystyrene _____ calendaring _____ thermoforming _____ other (specify) _____

99. What is the total number of hours you operate per week (includes all shifts) _____

100. Do you have a union? _____
If yes, _____ No _____ Gender: Yes _____ No _____

101. Do you employ work to molders and finishers?

Molders: Yes _____ No _____ Finishers: Yes _____ No _____

102. Number of employee or "learner" employees you plan to hire in 1967 _____

UNION STATISTICS

103. Is your shop unionized? Yes _____ No _____

104. If unionized, give full name of union (ex: United Auto Workers, International Blowers) _____

105. Give length of contract: _____

106. Does contract contain a wage-reopener clause? Yes _____ No _____

WAGE INFORMATION

107. How many plants do you run? 1 _____ 2 _____ 3 _____

108. Number of hours in a shift _____

109. Do you rotate shifts? Yes _____ No _____

110. Do you pay premiums for 2nd and 3rd shifts? Yes _____ No _____

111. If you pay premiums, what amount? 2nd _____ 3rd _____

Please check unit: cents per hour _____ percent _____

112. Do you provide for —

	Group Life Insurance	Hospitalization Employee Dependents	Major Medical	Income Protection or Wage Indemnity	Pension	Profit Sharing
Pay by Company full						
Company and employee share						
Pay by employee in full						
No provisions for						

113. What is your estimate of the percentage of average fringe benefits to hourly rates? _____ %

F. MACHINE UTILIZATION STATISTICS (For latest normal accounting period for full week)

114. Number of machines _____

115. Normal hours per shift _____

116. Normal number of shifts per day _____

117. Normal days operated per week _____

118. Available hours per week (56x99x99x100) _____

119. Average productive hours per week —
(Exclude all idle machine time) _____

Injection Molding	Compression Molding	Blow Molding	Extrusion	Calendering	Expandable Polystyrene	Thermo- Forming	Other

120. Number of paid full holidays _____

(Check which ones): New Year _____ Washington's Birth _____

Good Friday _____ Memorial Day _____ July 4th _____

Day _____ Election Day _____ Thanksgiving _____ Friday after

Thanksgiving _____ Christmas _____ Others _____ (specify) _____

121. Which of the following comes closest to your vacation policy?
(Please check)

LENGTH OF VACATION	MINIMUM REQUIRED YEARS OF SERVICE					
	1 year	2 years	3 years	4 years	5 years	Over 5 years
1 week						
2 weeks						
3 weeks						
4 weeks and over						

122. Do you pay Christmas bonus? Yes _____ No _____

123. Regardless of the method of computation, approximately how large is the bonus when compared with the weekly salary?

Less than 1/2 week's salary _____ 1/2 week's salary _____

1 week's salary _____ 1 1/2 week's salary _____ 2 week's salary _____

Over 2 weeks' salary _____ (specify) _____

SPRING RAILS

1. Females and Youth under 15 years of age
2. Apprentices
3. Males

110	114	115
119	114	115
122	126	130

After completion of the probationary period all shall be classified by the company in a suitable occupation.

CLASS NO. OCCUPATION AND CLASSIFICATION

101	Tool and Die Maker GR 1	START	252	256	
		AFTER 6 MOS.	257	261	
		AFTER 12 MOS.	262	266	
102	Tool and Die Maker GR 2	START	232	236	
		AFTER 6 MOS.	237	241	
		AFTER 12 MOS.	242	246	
		AFTER 18 MOS.	247	251	25
		AFTER 24 MOS.	252	256	25
103	Tool and Die Maker GR 3	START	202	206	
		AFTER 6 MOS.	212	216	
		AFTER 12 MOS.	222	226	
		AFTER 18 MOS.	232	236	
104	IMPROVER	START	172	176	18
		AFTER 6 MOS.	182	186	190
		AFTER 12 MOS.	192	196	200
		AFTER 18 MOS.	202	206	210
105	PRENTICE	START	110	114	
		AFTER 6 MOS.	120	124	
		AFTER 12 MOS.	130	134	
		AFTER 18 MOS.	140	144	
		AFTER 24 MOS.	150	154	
		AFTER 30 MOS.		160	

Job Code No.	Description & Concentration	RATE PER HOUR EFF. NOV 1/'65	RATE PER HOUR EFF. NOV 1/'66	RATE PER HOUR EFF. NOV 1/'67
Molding				
201	MAINTENANCE & SET-UP GRADE 1. START	1.85	1.89	1.93
	AFTER 4 mos.	1.90	1.94	1.98
	AFTER 8 mos.	1.95	1.99	2.03
	AFTER 12 mos.	2.05	2.09	2.13
202	MAINTENANCE & SET-UP GRADE 2. START	1.60	1.64	1.68
	AFTER 4 mos.	1.65	1.69	1.73
	AFTER 8 mos.	1.70	1.74	1.78
	AFTER 12 mos.	1.85	1.89	1.93
203	SERVICE MAN. START.	1.50	1.54	1.58
	AFTER 6 mos.	1.55	1.59	1.63
	AFTER 12 mos.	1.60	1.64	1.68
204	SUPERVISOR'S CLERK START	1.25	1.29	1.33
	AFTER 4 mos.	1.30	1.34	1.38
	AFTER 8 mos.	1.35	1.39	1.43
	AFTER 12 mos.	1.45	1.49	1.53
205	MACHINE OPERATOR GRADE 1. START	1.40	1.44	1.48
	AFTER 6 mos.	1.45	1.49	1.53
	AFTER 12 mos.	1.50	1.54	1.58
206	MACHINE OPERATOR GRADE 2. START	1.25	1.29	1.33
	AFTER 4 mos.	1.30	1.34	1.38
	AFTER 8 mos.	1.35	1.39	1.43
	AFTER 12 mos.	1.40	1.44	1.48

Job No. Location - Description		RATE PER HOUR EFF. NOV. 1/63	RATE PER HOUR EFF. NOV. 1/66	RATE PER HOUR EFF. NOV. 1/69
301	WINDHOUSEMAN	START 155	159	163
	AFTER 4 hrs	160	164	168
	AFTER 8 hrs	165	169	173
	AFTER 12 hrs	170	174	178
302	PACKER	START 130	134	138
	AFTER 4 hrs	135	139	143
	AFTER 8 hrs	145	149	153
	AFTER 12 hrs	155	159	163
304	ORDER FILLER	START 120	124	128
	AFTER 4 hrs	125	129	133
	AFTER 8 hrs	135	139	143
	AFTER 12 hrs	145	149	153
305	SHIPPING STOCK-KEEPER	START 135	139	143
	AFTER 4 hrs	140	144	148
	AFTER 8 hrs	150	154	158
	AFTER 12 hrs	160	164	168
FINISHING				
401	SET-UP, STOCK-HANDLER	START 152	156	160
	AFTER 4 hrs	157	161	165
	AFTER 8 hrs	162	166	170
	AFTER 12 hrs	167	171	175
402	STOCK-KEEPER (Assembly Dept)	START 127	131	135
	AFTER 4 hrs	132	136	140
	AFTER 8 hrs	142	146	150
	AFTER 12 hrs	152	156	160
403	FLOOR BOY	START 112	116	120
	AFTER 4 hrs	117	121	125
	AFTER 8 hrs	122	126	130
	AFTER 12 hrs	127	131	135
405	ASSEMBLER	START 110	114	118
	AFTER 4 hrs	114	118	122
	AFTER 8 hrs	119	123	127

5' 00' 16	OCCUPATION & CLASSIFICATION	RATE PER HOUR EFF. NOV. 1/65	RATE PER HOUR EFF. NOV. 1/66	RATE PER HOUR EFF. NOV. 1/67
501	EXTRUDER OPERATOR	START 1.52	1.56	1.60
	AFTER 6 hrs.	1.57	1.61	1.65
	AFTER 12 hrs.	1.62	1.66	1.70
502	POUNDER ROOM HELPER	START 1.22	1.26	1.30
	AFTER 3 hrs.	1.27	1.31	1.35
	AFTER 6 hrs.	1.32	1.36	1.40
	AFTER 9 hrs.	1.42	1.46	1.50
	AFTER 12 hrs.	1.52	1.56	1.60
601	BOILER & PLUMBING	START 1.29	1.33	1.37
	AFTER 4 hrs.	1.34	1.38	1.42
	AFTER 8 hrs.	1.39	1.43	1.47
	AFTER 12 hrs.	1.54	1.58	1.62
701	NIGHT CLEANERS. ABHRS.	START 1.19	1.23	1.27
	AFTER 4 hrs.	1.24	1.28	1.32
	AFTER 8 hrs.	1.29	1.33	1.37
	AFTER 12 hrs.	1.39	1.43	1.47
801	FREIGHT ELEVATOR OPERATOR	START 1.27	1.31	1.35
	AFTER 4 hrs.	1.32	1.36	1.40
	AFTER 8 hrs.	1.37	1.41	1.45
	AFTER 12 hrs.	1.57	1.61	1.65
901	PASSENGER ELEVATOR OPERATOR	START 1.20	1.24	1.28
	AFTER 4 hrs.	1.25	1.29	1.33
	AFTER 8 hrs.	1.30	1.34	1.38
	AFTER 12 hrs.	1.35	1.39	1.43

NOTE: SHIFT PREMIUMS SHALL NOT BE APPLICABLE TO
OCCUPATION CODE NOS. 601, 701, 801, 901.

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21.02 Employees will be assigned to work groups based on the work he performs and shall be paid according to the rates set out for that group.

21.03 The Wage Groups are:

Wage Group #1

First 3 months in the Group \$1.80 per hour
Second 3 months in the Group \$1.90 per hour
Following 3 months in the Group \$1.95 per hour
Thereafter \$2.00 per hour to
\$2.10 per hour at the Company's discretion.

Wage Group #2

First 3 months in the group \$2.15 per hour. Thereafter
\$2.20 per hour to \$2.30 per hour at the Company's discretion.

Wage Group #3

First 3 months in the group \$2.35 per hour. Thereafter \$2.40
per hour to \$2.50 per hour at the Company's discretion.

22.03 The time periods in Section 22.02 shall commence with the effective date of this Agreement. For new employees the periods shall commence on the day the employee starts work.

22.04 On the effective date of this Agreement each employee shall receive an increase of ten (10) cents per hour to his regular rate.

22.05 In March 20th, 1967 each employee shall receive an increase of fifteen (15) cents per hour to his then regular rate. The rates set out in 22.02 shall be then adjusted by a like amount.

ARTICLE 23.00 DURATION OF AGREEMENT

23.01 This Collective Agreement becomes effective on the 21st day of March, 1966 and shall continue in effect until the 20th day of March, 1968 and shall thereafter continue from year to year unless either party gives notice in writing of its intention to terminate this Agreement or to enter into negotiations for the purpose of amending this Agreement within a period of not less than thirty (30) days and not more than sixty (60) days prior to any such yearly date of termination.

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SCHEDULE "A"

Wage Rates

(To apply from June 1, 1967, to May 31, 1968)

CUP DEPARTMENT

Lead Hand	\$2.51 - \$2.81
Assistant Lead Hand	2.09 - 2.49
Service Hand	1.79 - 1.94
Regrind & Mix	1.79 - 1.94
Cup Packer (f)	1.47 - 1.57
Chief Cup Packer (f)	1.57 - 1.67

GENERAL INJECTION DEPARTMENT

Lead Hand	\$2.51 - \$2.81
Assistant Lead Hand	2.09 - 2.49
Service Hand	1.79 - 1.94
Catch-Off Operator (m)	1.68 - 1.78 (Off-shift)
Catch-Off Operator (f)	1.47 - 1.57 (Day shift)

VACUUM FORMING DEPARTMENT

Lead Hand	\$2.06 - \$2.46
Machine Operator Bata	1.89 - 1.99
Packer (f)	1.47 - 1.57

BLOW MOULDING DEPARTMENT

Machine Operator	\$2.29 - \$2.48
Trimmer	1.68 - 1.78

ASSEMBLY DEPARTMENT

Lead Hand	\$2.06 - \$2.46
Assembler (f)	1.42 - 1.52

POUCH DEPARTMENT

Machine Operator	\$2.36 - \$2.71
Packer (f)	1.47 - 1.57

MAINTENANCE DEPARTMENT

Maintenance Mechanic I	\$2.56 - \$2.81
Maintenance Mechanic II	2.09 - 2.49

MACHINE SHOP

Tool Maker	\$2.76 - \$2.86
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SCHEDULE "A"

Wage Rates

(To apply from June 1, 1967, to May 31, 1968)

AIR MAILING DEPARTMENT

Lead Hand	\$2.06 - \$2.56
Shipper	1.93 - 2.03
Receiver	1.93 - 2.03
Truck Driver	2.09 - 2.29
Senior Warehouseman	2.23 - 2.33

MAIL CONTROL DEPARTMENT

Inspector	\$1.89 - \$2.09
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MAIL FACTORY

Apprentice	\$1.89 - \$2.09
Labour	1.68 - 1.78
Janitor - Handyman	1.79 - 1.89

SCHEDULE II

Wages Rates

(To apply from June 1, 1968, to May 31, 1969)

INJECTION DEPT

Lead Hand	\$2.13 - \$2.53
Assistant Lead Hand	2.19 - 2.59
Service Hand	1.89 - 2.04
Grind & Mix	1.89 - 2.04
Cup Packer (f)	1.57 - 1.67
Chief Cup Packer (f)	1.67 - 1.77

GENERAL INJECTION DEPARTMENT

Lead Hand	\$2.58 - \$2.88
Assistant Lead Hand	2.19 - 2.59
Service Hand	1.89 - 2.04
Catch-Off Operator (m)	1.78 - 1.88 (Off-shift)
Catch-Off Operator (f)	1.57 - 1.67 (Day shift)

VACUUM FORMING DEPARTMENT

Lead Hand	\$2.13 - \$2.53
Machine Operator Bata	1.99 - 2.09
Packer (f)	1.57 - 1.67

BLOW MOULDING DEPARTMENT

Machine Operator	\$2.39 - \$2.58
Trimmer	1.78 - 1.88

ASSEMBLY DEPARTMENT

Lead Hand	\$2.13 - \$2.53
Assembler (f)	1.52 - 1.62

POUCH DEPARTMENT

Machine Operator	\$2.43 - \$2.78
Packer (f)	1.57 - 1.67

MAINTENANCE DEPARTMENT

Maintenance Mechanic I	\$2.63 - \$2.88
Maintenance Mechanic II	2.19 - 2.59

MACHINE SHOP

Tool Maker	\$2.83 - \$2.93
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SCHEDULE "B"

Wage Rates

(To apply from June 1, 1968, to May 31, 1969)

MATERIAL HANDLING DEPARTMENT

Lead Hand	\$2.43 - \$2.63
Shipper	2.03 - 2.13
Receiver	2.03 - 2.13
Truck Driver	2.19 - 2.39
Senior Warehouseman	2.33 - 2.43

QUALITY CONTROL DEPARTMENT

Inspector	\$1.99 - \$2.19
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GENERAL FACTORY

Apprentice	\$1.99 - \$2.19
Labour	1.78 - 1.83
Janitor - Handyman	1.89 - 1.99

SCHEDULE "C"

(Non-interchangeable Categories)

In accordance with the terms of this Agreement, Article XII (d), the following job classifications shall be considered non-interchangeable in the event of a plant-wide layoff:

Cup Lead Hand
General Injection Lead Hand
Blow Moulding Machine Operator
Vacuum Forming Lead Hand
Assembly Department Lead Hand
Maintenance Mechanic I
Shipper
Receiver
Senior Warehouseman
Assistant Lead Hand

